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NEWS SUMMARY

GENERAL

Thatcher warns Spain on Gibraltar

Britain will bar Spain's entry into the EEC until she opens her frontier with Gibraltar, Premier Mrs Thatcher said in the Commons.

She said: "It is inconceivable that there should ever be a closed border between the territories of two members of the community."

She said the Government intends to act to sustain Gibraltar's economy when the Royal Navy ceases to use the docks there. Page 8

Fowler refusal

Health Secretary Norman Fowler refused to raise the pay offer to National Health Service workers but proposed immediate talks on long-term arrangements for wage settlements. Back Page; Labour denounces Fowler plan, Page 8

Soccer tour off

The soccer tour of South Africa by a team of international stars was called off after three of the planned six matches. It had been criticised by black radicals.

Hussein escapes

Iraqi President Saddam Hussein escaped an assassination attempt while inspecting the Gulf war front last month, it was reported. Attack crushed, Page 2; Lebanon talks inconclusive, Back Page

Wine war vote

EEC farm ministers approved measures aimed at stopping Franco-Italian wine wars but West Germany withheld approval because of the plan's costs. Page 2

French protest

French farmers using tractors blocked the start of the 16th stage of the Tour de France cycle race in protest at low farm prices. Page 2

Witch-hunt fear

Fears that the storm over Commander Trestrail might lead to a witch-hunt against homosexuals in government posts were voiced by John Ward, a civil servants' union leader.

Lefebvre move

Rebel Roman Catholic Archbishop Marcel Lefebvre is to step down as head of his traditionalist movement in September but will go on defying the Vatican by ordaining priests.

Petrov defiant

Russian hunger striker Sergei Petrov denied official claims of possessing state secrets and said he would continue his 49-day-old fast. Page 2

Bolivia chief

Gen Guido Vildiso, 45, Bolivia's army chief of staff, was named by the military junta to succeed President Celso Torrelio.

Poverty spreads

The number of people living below the poverty line in the U.S. grew 7.4 per cent to almost 32m last year, the Government said.

Bullet proof

Drug smugglers in Iran will be hanged in future to save bullets, according to Ayatollah Ahmad Zargar, head of Iran's drug courts.

Briefly . . .

Monoplane, built by Truro pupils in their woodwork class, flew the channel.

Turkish divers found a bronze statue of a Roman soldier off the cost near Adana.

Thailand began a big campaign against pirates who attack fishermen and refugee boats.

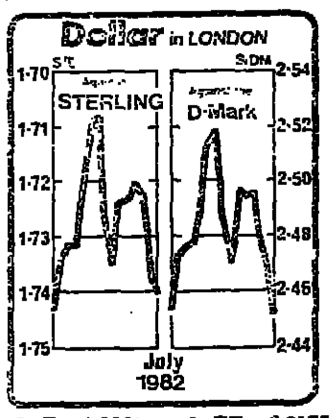
BUSINESS

Gold adds $14.2 in NY; gilts up

⊙ GOLD rose $2.5 to $350 an ounce in London. In New York the Comex July close was $359.3 ($347.1). Page 20

⊙ STERLING rose 30 points to $1.7405 but fell to DM 4.2675 (DM 4.29), SwFr 3.6275 (SwFr 3.65), FFr 11.865 (FFr 11.9125) and Y441.5 (Y442). Its trade-weighted index was 91.1 (91.4). Page 28

⊙ DOLLAR fell to Y253.6 (Y254.25), DM 2.451 (DM 2.4683), SwFr 2.0835



(SwFr 2.092) and FFr 6.8175 (FFr 6.8575). It index was unchanged at 120.2. Page 28

⊙ GILTS gains were trimmed following the U.S. Fed chairman's statement on monetary policy but the Government Securities index still recorded a two-year high of 72.36 after adding 0.58. Page 22

⊙ EQUITIES fell back partly on Wall Street's opening easiness. The FT 30-share index closed 6.6 up at 576.2. Page 22

⊙ WALL STREET was 1.53 up at 827.63 near the close. Page 21

⊙ GREECE'S state energy authority is raising a $250m loan package in the Euromarkets. Page 24

⊙ CREDIT LYONNAIS, one of France's big three nationalised banks, will cut its base lending rate from 14 per cent to 13.75 tomorrow. Page 2

⊙ CHAIRMAN of Rhone-Poulenc, the main French chemicals concern that was nationalised in February, has resigned. Back Page

⊙ EEC abandoned hope of negotiating an overall settlement of its steel export dispute with the U.S. and will propose bilateral deals. Back Page; Turkey to bail out steel maker, Page 26

⊙ NORTH SEA development approval will be rushed through by the Government to give a £5bn boost to the offshore supplies industry. Back Page; British Gas contracts, Page 8

⊙ UK MANUFACTURERS must increase investment 25-50 per cent in the next four years to catch up competitors, says an EEC-funded survey. Page 8

⊙ SCOTTISH DEVELOPMENT Agency announced a £39m scheme to encourage high technology industries to Dundee. Page 8

⊙ NISSAN, the Japanese maker of Datsun cars, is considering setting up a Y10bn (£23m) parts distribution centre in the Netherlands. Page 5

⊙ H. P. BULMER'S cider apple suppliers plan to take the Hereford company to arbitration over a "derisory" offer for this season's crop. Back Page

COMPANIES

⊙ PHILIP MORRIS, U.S. cigarette maker, increased second-quarter earnings 23 per cent to $189.4m (£108.8m). Page 24

⊙ BERKELEY Exploration, oil and gas group, plans to raise £4.76m by a one-for-one rights issue at £1 a share. Page 16; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Treas. 12½% Cv. 86	£100½	+	½
Gas 3pc 90/95	£48½	+	½
Allied Colloids	246	+	21
Allied-Lyons	106	+	4
Avana	348	+	18
BOC	174	−	6
Barclays Bank	386	+	11
Barratt Dev.	287	−	9
Bassett (Geo.)	78	+	6
Bibby (J.)	270	−	10
Black Arrow	37	−	6
Blue Circle	460	−	12
Boots	229	−	7
Brit. & C'wealth	402	+	10
Cope Allman	41	−	3
Dowty	151	−	6
Exco	203	−	15
Ferranti	840	−	25
Fuller, Smith & T	615	+	35
MEPC	185	+	7
Marchwiel	128	+	10
Midland Bank	352	+	12
Plessey	515	+	8
Smiths Inds.	337	+	7
Standard Chartered	420	+	15
Star Computer	245	+	28
Vaux Breweries	160	+	6
De Beers Defd.	224	+	15
Doornfontein	734	+	45
Hartebeest	£20	−	1½
Johnnies Cons.	£25	+	1
Venterspost	350	+	67
Western Hldgs.	£14½	−	1½
FALLS			
Glaxo	755	−	7
Utd Guarantee	12	−	5
Vinten	276	−	10

London bombs kill eight, injure fifty

BY ANDREW FISHER AND MARGARET VAN HATTEM IN LONDON AND BRENDAN KEENAN IN DUBLIN

TWO MASSIVE bomb explosions ripped through London parks yesterday, killing eight soldiers, injuring more than 50 people, and bringing a return of deadly terrorism to the capital.

Responsibility for the blasts was claimed by the Provisional IRA.

"Everybody must be on the alert from now on," said Commander William Hucklesby, head of the anti-terrorist branch at Scotland Yard.

Both British and Irish political leaders condemned the bombings. Mrs Margaret Thatcher said in the House of Commons she was shocked by the bombings.

She deplored "these callous and cowardly crimes being committed by evil and brutal men who know nothing of democracy."

"The Prime Minister pledged: "We shall not rest until they are brought to justice."

The first bomb, placed in the boot of a blue Austin Morris saloon, devastated a troop of Blues and Royals from the Household Cavalry riding through Hyde Park to Horse Guards Parade for the changing of the guard yesterday morning.

Two soldiers were killed. Seven horses were killed outright or shot later because of severe injuries.

The bomb, a fairly large one containing four- and six-inch nails, was believed to have been set off by radio.

The second and more powerful bomb exploded at lunchtime, killing six soldiers playing in a military band to the public in a Regents Park bandstand.

Police said this was probably

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a timed device, since the band had been playing for some time.

A further 28 people were injured, including 24 from the Army, 20 seriously. Four civilians were injured.

The first bomb injured 23 people, including four from the Army, three seriously, and two policemen, of which one was seriously hurt.

Mr Gilbert Kelland, Assistant Commissioner of Police (Crime), said no children were thought to have been injured, nor were civilians thought seriously hurt.

The blasts do not appear to have taken the Government by surprise. Intensive searches in recent weeks uncovered large arms caches in Northern Ireland, and further searches in the London area, indicated that a renewed outburst of violence could be expected.

Ministers confirmed yesterday that this was the case.

The bombs appear to have been timed to coincide with the visit of Mr James Prior, the Northern Ireland Secretary, to the U.S.

Mr Prior's visit was intended to reassure potential U.S. investors that his Devolution Bill, now clearing its last stages in the Lords, contained the seeds of future political stability in Northern Ireland.

He hoped to rekindle U.S. business interest in Ulster, where unemployment is generally far higher than in the rest of the UK.

The Provisional IRA has consistently opposed such efforts, which it sees as reinforcing Britain's grasp on Northern Ireland, and which might soften the position of the Roman Catholic population.

For many years the IRA has enlisted various organisations friendly to it in the U.S. in a propaganda campaign emphasising to potential investors the level of violence in Northern Ireland and the threat to business interests.

Yesterday's bombs, it is felt, may have been aimed specifically at getting maximum coverage in the U.S. media, a suspicion reinforced by the presence of several U.S. reporters on the scene soon after the explosions.

They put Mr Prior in the position of having to make a statement on the violence while on U.S. soil.

The Government welcomed the statement by Mr Charles Haughey, the Irish Prime Minister, condemning the bombings.

"Those responsible for these inhuman crimes do irreparable damage to the good name of Ireland and to the cause of Irish unity," he said.

Commander Hucklesbury said last night that the bombers must have been living in London or nearby. He appealed to anyone who had rented or sold accommodation to Irish people in suspicious circumstances to come forward.

Asked if more bombings might follow, Mr Kelland said: "This threat is always with us." The outrage had been the worst for some years, he added.

Continued on Back Page

Carnage in South Carriage Road, near Hyde Park, after a car bomb exploded, killing two soldiers. Seven horses injured in the blast had to be destroyed

Fed maintains war on inflation

BY DAVID LASCELLES IN WASHINGTON

MR. PAUL VOLCKER, the chairman of the Federal Reserve, held out little hope yesterday of any marked relaxation in U.S. monetary policy, despite the high levels of unemployment and bankruptcies which he acknowledged to be wracking the economy. But he indicated that the Fed would try to be a bit more flexible in order to aid a recovery, which he hoped would materialise in the second half of this year.

Mr Volcker was making his bi-annual testimony to Congress, before the Senate Banking Committee. His appearance came only hours after the Federal Reserve had cut its discount rate from 12 to 11.5 per cent—a move which seemed to signal a more relaxed posture by the Fed.

But Mr Volcker made it clear he believes that the battle against inflation is not over, despite some encouraging signs that the tide is turning. He also told Congress in unusually strong terms that he was worried that large budget deficits could push up interest rates again.

The key point in Mr Volcker's message was his announcement that the Fed's policy-making open market committee had decided not to relax any of its targets for the growth of money supply, on which it bases policy, because it felt that could easily be misconstrued and worsen inflation. For similar reasons, the committee has set preliminary targets for monetary growth in 1983 which are identical to this year's, though Mr Volcker said final targets would be set nearer the time. This was very much what Wall Street was expecting.

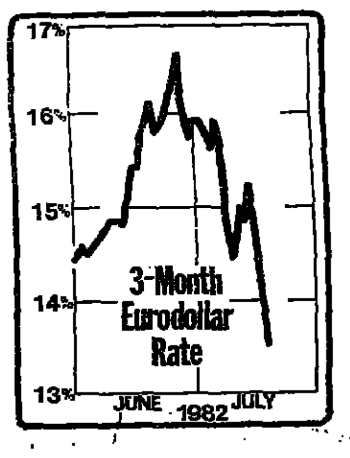
But there was some comfort for the U.S., and for other countries suffering the impact of high U.S. interest rates. Mr Volcker went out of his way to stress that the Fed would tolerate monetary growth at the high end of its target ranges, and would not clamp down on sudden bulges.

M1, the main measure of money supply, has a growth target of 2.5 to 5.5 per cent this year. By the end of June, it had grown at an annual rate of 5.6 per cent, Mr Volcker reported.

With this message Mr Volcker seemed to be trying to wipe some of the "anxiety premium" out of interest rates, which has tended to keep them at high levels.

He was also at pains to whip up flagging support for the battle against inflation. "In doing so," he said, "we will be laying the base for sustaining recovery over many years ahead, and for much lower interest rates even as the economy grows. Conversely, to fail in the task now, when so much headway has been made, could only greatly complicate the problems of the economy over time."

He also had blunt words—for a central banker—about the budget deficit. "I would be less than candid if I did not also report a strong sense that considerably more remains to be done to bring the deficit under control as the economy expands.



Paul Taylor in New York writes: Almost all the main U.S. banks joined the move towards lower interest rates yesterday and cut primes by half a percentage point to 16 per cent, to match the cut made by Manufacturers Hanover and First Chicago on Monday, before the Fed reduced its discount rate.

William Hall adds: European interest rates continued to fall yesterday but Mr Volcker's testimony had little immediate impact on the foreign exchange markets. Eurodollar interest rates fell sharply for the second day running, with the three-month rate nearly half a percentage point lower at 13⅞ per cent. In the dollar Eurobond market, there was a rush of new issues in the wake of the cut in U.S. interest rates. Four new issues were launched, bringing the total value of new paper offered so far this week to $860m.

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Jobless total hits record 3,190,621

BY ROBIN PAULEY

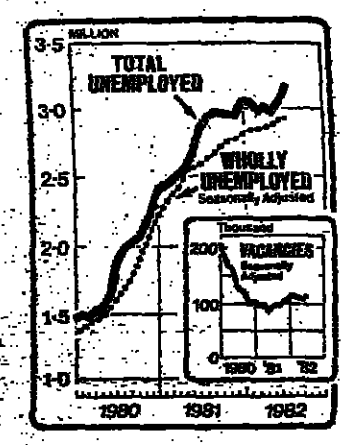
BRITAIN'S unemployment total increased in July to its highest total ever. More than 76,343 school leavers joined the register in the last month bringing it to 3,190,621 people or 13.4 per cent of the workforce.

This unadjusted total compares with 3,061,240 in June or 12.8 per cent of the workforce.

After adjustment for school-leavers and seasonal factors, the rate of growth in the underlying total has been sharply lower in the first half of 1982 compared with the second half of last year.

Aerage growth in the first half of this year has been 25,000 a month compared with 41,000 a month during the second half of 1981. But, seasonally adjusted figures have been increasing for 35 successive months.

After the figures were published Sir Geoffrey Howe, the Chancellor, came under pressure from West Midlands MPs at a meeting of the Tory backbench finance committee to provide assistance for industry. MPs reported that he was sympathetic to calls for help on business costs but he appeared to rule out an autumn mini-budget, hinting at increases in income tax thresholds next spring.



Earlier, Mrs Margaret Thatcher described the figures as "very disturbing indeed" but said any stimulus to demand was more likely to boost imports than to create jobs.

Mr Michael Foot, Opposition leader, said the figures were the worst in the history of the country.

Sir Geoffrey himself said last night before his meeting with the MPs: "No-ne would disguise the frustration and anxiety which the total of 3.2m unem-

Continued on Back Page
Map and regional details, Page 6

Chase reports $16.1m loss

BY PAUL BETTS IN NEW YORK

CHASE MANHATTAN, the third-largest U.S. bank, yesterday reported a $16.1m (£9.2m) loss before securities transactions in the second quarter of this year. The loss was the first in the bank's history. It reflected Chase's involvement in the Drysdale Government Securities fiasco.

Chase's involvement in the Drysdale affair, which rocked Wall Street in May, resulted in a special one-time write-off of $117m after tax ($285m before tax) in the second quarter.

This loss, related to Chase's liquidation of government securities positions assumed from Drysdale and of obligations related to these positions, could not be offset by earnings of $100.9m before securities transactions in the second quarter.

Excluding the Drysdale loss, earnings were about level with second-quarter profits in 1981, though lower than the $116.2m earnings in the first quarter of this year.

Chase's first-half earnings, including the Drysdale loss, totalled $100.2m, or 42 per cent less than earnings of $174m in the first half of last year.

Chase's depressed second-quarter performance was in contrast to a strong improvement in earnings reported by Citicorp, parent of Citibank, the country's second-largest bank and a keen rival to Chase. Citicorp yesterday reported rises of 40 per cent in second-quarter earnings and of 71 per cent in first-half profit, compared with depressed earnings in the corresponding period last year.

While the Drysdale affair had a direct impact on Chase's latest earnings the bank's involvement in the collapse of Penn Square Bank of Oklahoma City had a much lesser effect on the bank's second-quarter performance.

Chase, which acknowledged yesterday that it had bought $212.2m of loans from the now defunct Penn Square Bank, said it had written-off $45m of the Penn Square loans it had acquired, charging them against the bank's reserve for possible loan losses.

Chase emphasised that the balance in its reserve for possible losses stood at $535.1m at the end of June, compared with $501.3m at the end of June last year and $541.1m at the end of December 1981. The latest balance represents just more than 1 per cent of the bank's loans and lease-financing.

The bank claims this is one of the highest reserve-to-loan ratios in the industry, suggesting that the Penn Square affair was unlikely to have any significant impact on Chase's earnings in coming quarters.

The bank's non-performing loans, hwever, rose sizeably to $1.1bn at the end of last month, rom $683m at the end o June 1981 and $907m at the end of last year. Included in the non-performing loans were $75m of loans acquired through Penn Square.

Citicorp rally, Page 24

£ in New York

--	July 19	Previous
Spot	$1.7360-7375	$1.7430-7450
1 month	0.16-0.20 pm	0.19-0.24 pm
3 months	0.77-0.82 pm	0.82-0.87 pm
12 months	3.35-3.50 pm	3.53-3.63 pm

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Stewart Fleming in Frankfurt examines the problem of a labour movement's business empire

W. German unions grapple with financial burdens

THE BURDENS of supporting widespread business interests have added significantly to the financial pressures facing many West German trade unions. Together with the loss of confidence stemming from recent financial scandals in the union-owned Neue Heimat building concern, such problems have begun to weaken the unions' ability to fight for their members' interests.

The latest setback for the unions came last week when it emerged that, as owners of the commercial building subsidiary of the Neue Heimat group, the major West German unions would have to pump DM 350m (£83m) into the concern to cover heavy losses and reassure nervous bankers about the depth of their commitment to their business empire.

All this came as concern grew over whether the banks, the Government and the unions could settle their differences and agree to give the giant electrical concern AEG-Telefunken a breathing space to find a way out of its liquidity crisis.

With the export guarantees and the bridging credits from the banks, this appears to have been achieved, much to the relief of banks and financial institutions holding DM 5bn of AEG debt.

The proposed longer-term solution of AEG's problems involves the sale of 40 per cent of a subsidiary which partly owns strategically sensitive assets of the British GEC. Whether that also comes to pass remains to be seen.

Neue Heimat, like AEG, is a big company, with annual sales of some DM 6bn. In its social and its commercial buildings divisions it has debts to foreign and domestic bankers of between DM 4 and DM 5bn.

But Neue Heimat is not the biggest of the West German trade unions' business interests in terms of assets. Bank für Gemeinwirtschaft (BfG), the tenth largest West German bank with assets of DM 56bn, is the biggest.

Weak profits and the pressures of banking authorities to beef up equity reserves for all West German banks have meant that the BfG bank alone has cost the unions DM 485m in the past three years. That is the total new equity capital the union owners have subscribed since 1979. The figure does not take into account a shuffling around of shareholdings in a mortgage bank which BfG controlled to realise hidden reserves.

Dieter Hoffman

After providing such generous support to the bank in recent years, it has come as a most unwelcome shock to West Germany's trade unions to learn that even larger sums are required to permit Neue Heimat to maintain a healthy balance-sheet.

Last year, for example, even before the scandal surrounding the questionable dealings of top managers of Neue Heimat surfaced, the company's union owners found themselves required to pump DM 220m into the company to cover losses.

But Dr Diether Hoffman, the man brought in from BGF to clean up the mess left behind by the sacked top managers of Neue Heimat, had more shocks for the building company's union owners.

In recent weeks, the unions learnt that the commercial building division of Neue Heimat alone, Neue Heimat Städtebau, needed another DM 350m of new capital to cover losses.

The company, amid deep controversy, had ambitiously spread its wings investing in land and construction abroad. But plummeting land prices in Brazil and Mexico and the devaluation of the Mexican peso among other things landed the company with massive losses overseas.

At the same time, the domestically-based Neue Heimat social housing construction division in West Germany is also facing problems. It, too, may need further new capital.

In the meantime, to the dismay of some union leaders, it is planning to embark on a classically capitalist method of improving its performance, cutting its workforce: building fewer houses and, to improve cash flow, building more for sale and even selling some of its stock of rented houses.

According to the respected West German weekly newspaper, Die Zeit, some unions and union leaders were distinctly unenthusiastic about filling Neue Heimat's empty coffers.

"Let the thing explode" ... "better and end to the shocks than a shock without end" it quotes some union officials as saying.

I G Metall, West Germany's biggest union, has sought to give its fellow unions a lead by promising to convert a DM 75m loan into equity for Neue Heimat Städtebau, a piece of financial juggling which does not involve the union coming up with new cash—and that, it seems, is a pattern which other unions may want to follow.

What has become painfully clear to many of those involved, however, is that the option of letting one of the union-owned companies sink or swim on its own simply does not exist. That would weaken lenders' confidence in other parts of the union's DM 100bn business empire.

In the coming weeks, therefore, even reluctant trade unions will have to be whipped into line to put up their share of the DM 350m which Neue Heimat Städtebau needs. In the meantime, Neue Heimat's nervous lenders will have to be patient.

Iran 'crushes' Iraqi counter-attack

BY JAMES DORSEY IN KUWAIT

IRAN has crushed two Iraqi counter-attacks launched yesterday morning, according to the official Iranian news agency, Irna. Radio Tehran, quoting an Irna reporter, said Iran had destroyed 20 Iraqi tanks and armoured personnel carriers. It added that Iraq had left 200 dead and wounded on the battle-field.

Tehran Radio said the battle had taken place inside Iraq but did not indicate exactly where. The radio added that the first Iraqi counter-attack was launched at dawn followed by a second offensive at 9 am.

Residents in the Iranian capital report that Tehran has witnessed no air alarms during the past 48 hours. Iraqi air raids, particularly on Iranian cities in western Iran, are said to have had a devastating effect.

Iraq has said repeatedly during the past week that its fighters have attacked only economic targets inside Iran. But Iranians contacted by telephone say Iraqi air raids since the beginning of the Iranian invasion of Iraq are very different from anything they have experienced in the past 22 months of fighting in the Gulf war.

Tehran Radio said Iraqi air raids on the Iranian cities of Khorramabad and Ilam on Monday had caused a great number of casualties and extensive damage to civilian areas.

Residents of Hamadan, 200 km from the Iraqi border, believe that the casualty figure following an attack last Friday, is considerably higher than the 100 dead and 500 wounded reported by Tehran Radio. The Iraqis attacked the sports stadium where Iranian worshippers had gathered for Friday prayers. Lower class neighbourhoods in Hamadan are said to have been badly hit. An important Iranian air base outside the city was not attacked.

Some residents of cities in western Iran are reported to have fled to the countryside, hoping to evade the expected return of the Iraqi fighters. Most Iranian cities have few public air shelters.

Iran crude oil liftings delayed

THE LIFTING of Iranian crude by Japanese importers under recently-signed large long-term contracts has been halted this month by the intensification of fighting between Iran and Iraq, Richard Hanson writes from Tokyo.

Japanese trading houses and oil companies now have contracts running until the end of March 1983 totalling about 240,000 barrels a day (b/d) or 7 per cent of Japan's oil imports. This is up sharply from the level of spot purchases in recent weeks since previous long-term contracts expired in February and March.

Japanese shipping lines, however, refused to send tankers to Iran after the air terminal on Kharg Island was attacked by Iraq, so July liftings will be delayed. Oil importers are uncertain as to how long the halt will continue.

Japanese trading houses, which have signed most of the contracts, have shown renewed interest in Iranian oil at least partly as a result of a desire to step up exports to that country.

Iranian leaders have warned the population that the Iraqi air raids will intensify. Prime Minister Mir Hussein Moussavi, was recently quoted as saying that only the fall of Iraqi President Saddam Hussein would put an end to the bombings.

● King Hussein of Jordan is likely to meet Mr Francis Pym, the Foreign Secretary, today for talks in Lebanon and the war between Iran and Iraq. The King is on one of his regular private visits to Britain and, while it is usual for him to meet the Prime Minister, a date for discussions with Mrs Thatcher has yet to be fixed.

Ford set to build car plant in Portugal

BY DIANA SMITH IN LISBON

WHEN Sr Alvaro Barreto, the former Portuguese Industry Minister, heard three years ago that Ford was planning to invest $1bn (£555m) in an assembly plant in Austria, he had an inspiration.

Eager to see investment in his country, he decided that Portugal should make a counter-offer, the strong selling point being that labour in Portugal was far cheaper than in Austria.

The result of his efforts was that Ford delivered a letter of intent last week to build a $1bn car assembly line in Portugal. It will be the largest foreign investment in the country's history, geared to producing 200,000 vehicles a year, 90 per cent for export, part of which will go to the U.S.

Sr Barreto summoned local Ford officials to check whether there might be an interest in a counter-proposal. There was. Sr Cardosa e Cunha, Secretary of State for Industry, flew to London and gave what Sr Barreto has described as the performance of a lifetime to Ford executives.

He argued that Portuguese labour costs would be so low that Ford would save $300m—tantamount to a grant. The Portuguese Government offered to make up the difference between that amount and the Austrian offer of $400m with $100m of grants and incentives.

He praised Sines, the new petrochemical complex and industrial estate 150 miles south of Lisbon, on a natural deep-water harbour, conveniently located on main shipping lanes and Ford took the bait.

But Ford wanted conditions: revised labour laws that would make it easier to hire and fire, housing for 5,000 workers and their families and tax concessions on foreign currency salaries paid to Ford staff.

Taxation shortfall hits Bonn

BONN—The introduction of a 1983 supplementary budget in West Germany is unavoidable because of a shortfall of billions of D-marks from tax income, the Industry Association (BDI) said.

It said this month's agreement on the 1983 budget, which foresees federal expenditure rising by 1.9 per cent to DM 250.5bn (£59.5bn) and net borrowing falling to DM 28.43bn from DM 33.86bn in 1982, is based on the assumption of a real 3 per cent rise in gross national product (GNP) next year—Reuter.

Car production rises

West German car production rose in the first half of 1982 to 2.11m from 1.82m in the first half of 1981, the industry association VDA said. But production of commercial vehicles fell to 160,900 from 164,280, Reuter reports from Frankfurt.

Polish attack

Poland's army newspaper yesterday launched one of its fiercest attacks on Western radio stations, saying their Polish transmissions were coordinated by Nato, Reuter reports from Warsaw. The daily Zolnierz Wolnosci said: "An all-out imperialist propaganda aggression" was being carried out by the stations. They included Radio Free Europe, which is U.S.-funded and based in Munich, The Voice of America and the BBC.

Belgian jobless up

Belgian unemployment in mid-July surged to a record 11 per cent of the workforce, growing by 14,900 from two weeks earlier to 457,600, the Labour Office said yesterday, AP-DJ reports from Brussels. This compared with 443,600 in mid-June or 10.7 per cent and 392,100 or 9.5 per cent a year earlier. The sharp rise brought the unemployment rate up from 10.7 per cent in just two weeks.

Maltese exports fall

Exports by Malta fell by M£19.3m (£25.1m) last year while income from tourism was down by M£6.5m, according to government figures, Godfrey Grima reports from Valetta. In its annual report, the island's Central Bank said export earnings last year fell by 25 per cent, a marked decline compared with Malta's export performance in 1980, when sales of semi-manufactured goods grew by M£17.5m.

Protesting farmers put a spoke in the Tour de France race

BY DAVID WHITE IN PARIS

FRENCH FARM unions yesterday found a new pitch for their campaign against the Socialist Government's policies—in the middle of the Tour de France bicycle race.

About 300 demonstrators equipped with tractors held up the start of the 16th stage of the race, in the southern Alps, for almost an hour, causing a gigantic snarl-up on the roads.

The riders were eventually allowed to move off after discussions between union leaders and a race organiser, who managed to get through, appropriately enough, on a bicycle.

The incident came amid a renewed series of protests by farmers, to which has been added the familiar seasonal agitation among fruit and wine growers of the Midi.

On Monday evening, demonstrators blocked one of the main motorway routes from Spain and emptied lorryloads of Spanish fruit and vegetables, including allegedly illegal pear imports. Some 200 tonnes of produce were reported to have been spilt on to the road, incurring the risk of heightened friction between Paris and Madrid.

Table wine producers in the Languedoc have, meanwhile, announced plans for demonstrations on Saturday week, the day that millions of French families will be starting holidays.

Protesting against the delay in reaching an EEC settlement on wine marketing conditions, the Mediterranean Regional Wine Action Committee warned that it would take "much more energetic action" at the end of August if the situation failed to improve.

Militant winegrowers showed their muscle at the same time last year when they sabotaged a ship's cargo of Italian wine in the port of Sete.

The risk is that they may be competing for headlines with the conservative-led mainstream farmers' union, the FNSEA.

The union has renewed its protests following the Government's refusal earlier this month to devalue the "green franc," raising domestic farm prices and doing away with the negative Monetary Compensatory Amounts, which take the form of levies on French exports of farm produce to other EEC countries. These were imposed on French farm exports to other EEC countries after June's currency readjustment.

Mme Edith Cresson, the Farm Minister and principal butt of the protest slogans, is meanwhile due to start a mission to the U.S. today aimed at countering charges of EEC farm protectionism.

Banks to ease cost of credit

BY DAVID MARSH IN PARIS

FRENCH BANKS have begun to ease the cost of credit to their customers following the fall in money market interest rates since last month's devaluation of the franc.

Credit Lyonnais, the second largest of the Big Three nationalised banks, last night announced a cut in its base lending rate to 13.75 per cent from the 14 per cent prevailing since last November.

The reduction, which takes effect tomorrow, is expected to be followed by the other big banks. It follows a slackening of recent downward pressure on the franc following the latest weakening of U.S. interest rates.

The base rate move is small and essentially symbolic—"a sign of goodwill," as one banker put it last night. But it will be greeted by the Government as one small chink of light in the general economic gloom following last month's emergency austerity measures.

The Bank of France, meanwhile, has announced that French money supply growth accelerated in the early summer. A prime factor behind the renewed expansion, which followed only sluggish monetary growth in the second half of last year, appears to be heavy Government borrowing to finance the much-increased budget deficit.

According to the latest monetary statistics, published yesterday, the most closely watched version of the money supply, M2, grew by 1.3 per cent in April after 0.5 per cent in March.

Growth over the latest 12 months, at 11.9 per cent, remains below the 12.5 to 13.5 per cent range for 1982 set at the end of last year.

Moscow hunger strikers defiant

BY ANTHONY ROBINSON IN MOSCOW

THE STRUGGLE of wills between the Soviet emigration authorities and two Soviet hunger strikers seeking exit visas to join their wives in the U.S. is reaching a crucial stage.

The wives of the two men, Sergei Petrov, a 29-year-old freelance photographer, and Yuri Balovlenkov, a 33-year-old computer programmer, flew to Moscow earlier this week on temporary visas, but were unable to persuade their husbands to give up their struggle.

Elena Balovlenkov said she was trying to arrange forced feeding to save his life after 15 days of his second hunger strike. Her husband gave up his first attempt last month after a 43-day fast on being promised a visa. This was subsequently denied him.

But the most critical case is that of Sergei Petrov who is now weak and emaciated after 48 days without food. At a Press conference at his flat yesterday, with his wife sitting beside him, Mr Petrov vowed to continue his strike even if the authorities tried force feeding.

"It is the only thing I can do. I am fighting for my human rights and the right to live my own life. There is no alternative for me but to continue," he said. His wife, Virginia, plans to return to the U.S. today. "I do not want to be here to watch him die," she said.

The Soviet decision to refuse an exit visa to both Mr Petrov and Mr Balovlenkov was communicated to them and the foreign Press on July 9 by Mr Sergei Fadeyev, chief of the foreign section of the visa and emigration department.

Mr Fadeyev said refusal was motivated by "security reasons." Mr Petrov worked for three months at a plant with security status over six years ago and Mr Balovlenko trained as a computer programmer.

Mr Petrov described the reason as an absurd pretext and said that a Frenchman M Jean-Loup Chretien had trained with Soviet astronauts in the Soviet Union for over a year before participating in the recent Soviet-French space shot. He compared this with his own three-month stint as a lowly trainee scientist six years ago.

Mr Fadeyev also said that the Soviet Union was prepared to see both men reunited with their wives in the Soviet Union. Neither men accept this as a viable alternative. Mr Petrov lives alone with his mother Mrs Claudia Petrov, a 65-year-old. She also wants to emigrate with her son and has been on hunger strike since July 9 in protest against the authorities treatment of her son.

Papandreou orders MP expelled from party

BY VICTOR WALKER IN ATHENS

MR GEORGE PETSOS, who until this month's Green Government reshuffle was one of two national defence Under-Secretaries in the Government of Dr Andreas Papandreou, has been expelled from the ruling Panhellenic Socialist Movement (Pasok).

The expulsion was ordered personally by Dr Papandreou, without waiting for a meeting of the party's disciplinary committee, because of a weekend speech by Mr Petsos in his Edessa constituency in Northern Greece.

Asserting that he had been offered but had refused three other Under-Secretariats in the reshuffle, Mr Petsos complained in a balcony speech of "dark machineries served by various persons of dubious standing which undermine the work of the government."

This was the closest any senior member of the governing party had come to endorsing conservative opposition claims that "Green Guards" are active in government departments.

"Green Guards" is the ironic name, taken from the colour of the Pasok flag, given to party members alleged to circulate in Ministry corridors keeping tabs on Government officials and civil servants.

Earlier this year, Dr Papandreou publicly warned party members to "stay out of the Government's hair."

When first reports of Mr Petsos' speech reached Athens, Mr Dimitrios Maroudas, Under-Secretary for Press and Information said the former defence official had "made no mention of Pasok." Subsequently, however, Dr Papandreou declared: "With his statement, Mr Petsos has placed himself outside the party."

Mr Petsos, 35, has been a Pasok Member of Parliament since 1977. His expulsion reduces the Pasok strength to 169 members in the 300-seat Parliament.

His expulsion came barely a week after the conservative New Democracy opposition party had expelled one of its members, the former Minister and one-time Mayor of Athens, Mr George Plytas, for challenging the party's choice of candidate for Athens mayor in the forthcoming municipal elections.

The party is to back Mr Tzannis Tzannetakis, a former minister, for a job that Mr Plytas wanted.

Mr Plytas has now joined the party of Democratic Socialism (Kodeso) headed by Prof Ioannis Pesmazoglou, a Greek Euro-MP, and will be its only representative in the Greek Parliament. None of the minor parties had won any seats in last year's general elections.

If Mr Petsos sits as an independent, he will bring the number of independents in the Greek Parliament to seven, alongside 111 Deputies of the conservative New Democracy Party, 12 of the Communist Party of Greece, and one for Kodeso.

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SIDON BOUNCES BACK

Business as usual under new masters

BY DAVID LENNON IN SIDON

THE SIDON oil refinery, which was hit by an air strike on the first day of the Israeli attack on Lebanon six weeks ago, expects to be back in operation within three weeks, and soon after to be producing its full capacity of 18,000 barrels a day to meet 35 per cent of Lebanon's oil needs.

The speed with which the refinery staff are repairing the war damage is just one example of the extraordinary resilience of the Lebanese people, who seem to have a remarkable ability to get back to business as soon as the shooting dies down.

In this bustling town of half a million people, shops offering everything from basic foodstuffs to high-fashion clothing are busy with customers and the banks, which reopened after a three-week closure, are again offering their clients full banking facilities.

The town's latest rulers, the Israelis, have encouraged a return to normal life, making a major effort to restore electricity and water and offering assistance to industrialists, merchants and financiers.

But apart from accepting help with the restoration of essential services, the people of Sidon hardly need assistance.

Mr Faud S. Hammoud, engineering and maintenance manager of Medreco, which owns the Sidon refinery, explained that this is the fourth time the refinery has been put out of action by war since it opened in 1955.

The company, which is jointly owned by Caltex and Mobil, was hit by the Syrians in 1976 and then by the Israelis in 1981 and 1982. "The Israelis inquired if we need any help to repair the refinery," the U.S.-educated Mr Hammoud says, "but we told them that was not necessary. Our own staff can make the repairs to the production and storage facilities which were damaged."

Until the present war the refinery received its crude oil through the Tapline from Saudi Arabia. Provided that the refinery's supplies are renewed, Mr Hammoud believes that it will be back in production within two to three weeks. "This will be most welcome for everyone because while we have been out of action the price of fuel has shot up by a third."

Banks in Sidon were also closed by the war, but in response to local demand and Israeli prodding, they reopened at the end of June. While most services appear to be back to normal, the banks suffer from the handicap of having their head-offices on the other side of the battlefront in West Beirut, which is under siege by the Israeli army.

"We have no communications with Beirut," Mr Nazih Stephan, manager of the Banque Libanaise pour le Commerce, said. "I have to go to Beirut every few days in person."

But despite this restriction, he assured me that all banking functions are now being carried out, thanks largely to the Sidon branch of the Lebanese central bank, the Banque du Liban, through which clearing operations can be conducted.

"We are used to such events," said Mr Stephan. "We have had the Syrians, the PLO and now the Israelis here. As soon as the situation appears to have calmed down, we reopen."

He complained that the Israelis tried to force the banks to open their accounts to the occupation forces, who hoped to be able to see who had been receiving money from the Palestine Liberation Organisation (PLO). "But we refused explaining about the confidentiality of banking in Lebanon so they dropped this demand," he said.

Mr Stephan denied that the Lebanese banks were having any relationship with Israeli banks and insisted that they did not handle Israeli currency. This was the province of the money changers one of whom, Mr Rachad Kotob, explained that at first he tried to exchange shekels via Cyprus and Switzerland. Now he finds it much easier to exchange the shekels at one of the mobile Israeli banks which come through the town to serve Israeli troops.

Mr Ghassan Haidar, governor of the province of Liban Süd, was happy to report that in his region, which also includes the important towns of Tyre and Nabatiya, water supplies are back to normal, hospitals are functioning properly with adequate staff—"We even have a vet in Sidon"—and that for the first time in years he is able to rely on the local police to enforce law and order.

The Lebanese governor said that because his country is still officially at war with Israel, officially there is no trade with Israel. "But unofficially," he says, "we are importing fruit, vegetables, poultry and eggs."

All is not yet perfect, however. One serious problem is the Israeli naval blockade of Sidon's port which is preventing the export of the local citrus crop and the import of other goods. The town is receiving only about 75 per cent of the flour it needs.

But Sidon's comparative normality was evident as I tried to leave it. Trapped for half an hour in the town's jammed traffic, normality took on a not so positive aspect.

Hints from Peking on future of Hong Kong

By Robert Cottrell in Hong Kong

SIR EDWARD YOUDE, Governor of Hong Kong, returns to London tomorrow for consultations with Mrs Margaret Thatcher, the Prime Minister, over her visit to the colony in September. Mrs Thatcher's trip is also scheduled to take her to Peking, which has heightened speculation over how rapidly Hong Kong's long-term future will be resolved.

Speculation has also been quickened by recent indirect indicators from Peking which suggest that China intends to re-establish its *sovereignty over the colony* in around 15 years, but at the same time to preserve its prosperity.

Hong Kong is hungry for news of its future, as the 1997 deadline approaches when Britain's lease expires on the New Territories—the bulk of mainland Hong Kong. Hongkong Island and the urban tip of *Kowloon peninsula* were ceded permanently to Britain under earlier 19th century treaties.

China, however, regards all the treaties relating to the colony as having been signed on unequal terms, and it is generally accepted that the future of Hong Kong as a whole is bound up with the expiry of the New Territories lease.

Most Hong Kong businessmen believe that the territory's financial importance to China as a provider of foreign exchange and an access point for international technology and trade should ensure its survival as a capitalist economy. The worry has been that China, faced with other pressing domestic issues and the ideological problem of Hong Kong, might leave the colony's future undecided until confidence began to wane.

Any sign of movement from Peking can therefore be regarded as constructive. One such sign came this month from the Chinese-language Hong Kong magazine Pai Shing, which published an account of a meeting said to have taken place in mid-June between Deng Xiaoping, the Chinese Vice-Chairman, and 12 representatives from Hong Kong plus two from Macao.

The Hong Kong visitors are said to have included Mr Fei Yiming, influential publisher of the Ta Kung Pao newspaper and a delegate to China's National People's Congress, together with representatives of trades unions and the Chinese Chamber of Commerce.

Deng is said to have made two main introductory points: that China would re-establish its *sovereignty over Hong Kong* around 1997, but that it would strive to ensure the territory's continued prosperity.

Subsequently, the well-connected Cheng Ming magazine published an article making these two points and adding that a similar view would be taken of neighbouring Macao.

More recently, senior Peking Politburo member Peng Zhen was reported by the New China News Agency to have invited "compatriots" in Hong Kong, Macao and Taiwan to study *China's new draft constitution*. The draft constitution includes an article intended to provide a legal basis for an accommodation with Taiwan.

China, in line with its nine-point proposal for reunification with Taiwan issued last September, offers Taiwan a high degree of autonomy as a "special administrative region," coupled with an assurance that central government would not interfere in local affairs.

China already has several "special economic zones" within its borders, intended to provide an attractive investment climate for foreign capital. If Hong Kong were to become a form of "super economic zone" with a capitalist structure and a high degree of local autonomy, a number of issues would still remain.

It is not clear what role, if any, there would be for a British Administration. Prominent Hong Kong businessman R. C. Lee has suggested that a governing committee might be established for Hong Kong under alternating British and Chinese leadership. The problem would also arise of preserving the strength and integrity of the Hong Kong dollar against any shift in its political status.

As to linkage between Hong Kong and Macao, it is known that China has on at least two occasions refused Portuguese invitations to resume the territory. This has been interpreted not only as reflecting Chinese desire to maintain Macao's admittedly modest earning power, but also a perception that any sudden shock to Macao could affect confidence in Hong Kong.

A resolution of the Hong Kong question could clear the way for a clarification of the status of Macao, held by Portugal under a 19th century treaty which China renounced 30 years ago.

Charles Smith in Tokyo analyses the background to 1981's shortfall in tax revenue — the biggest in 25 years

Japan reluctant to meet cost of running a modern state

WHILE EUROPE and the U.S. continue to grumble about the surpluses Japan runs up on its overseas trade, officials in the Tax Bureau of the Ministry of Finance in Tokyo are wondering what to do about the biggest shortfall in tax revenue Japan has experienced in the last 25 years.

When the National Tax Agency finally closed its books last month on the 1981 fiscal year it was found that the amount of tax collected was Y2,880bn (£6.5bn) less than expected. In percentage terms, the shortfall means that the Government was 9 per cent out in its revised calculations for the year. How did it go so badly wrong and, now that the mistake has been discovered, what is it going to do about it?

The answer to the first question is that tax revenue forecasts are closely linked to economic forecasts and that the trouble in this case started with the latter rather than the former. The Economic Planning Agency, whose job it is to decide how fast the economy is likely to grow in a given year originally came out with a forecast that the gross national product (GNP) would achieve a real growth rate of 5.3 per cent in fiscal 1981 (the 12 months ending on March 31 1982).

This figure was revised downwards to 4.1 per cent in December 1981, partly in order to allow for a change in the base year used for calculating the GNP deflator and partly because the economy had really grown more slowly than the Government expected. By May 1982 it was known that the actual growth rate for the fiscal year had been only 2.7 per cent, or barely more than half the original estimate.

The failure of the economy to meet official expectations reflected the fact that the export boom, which had been sustaining Japanese growth, had collapsed in the third and fourth quarters of calendar year 1981. In taxation terms it meant that Japanese companies had done less well than expected and consequently paid much less corporate tax than the Finance Ministry had bargained for.

A second, and rather ironical reason for the 1981 tax shortfall was the "success" of the Government in fighting wholesale price inflation. In its original forecast for the year the Economic Planning Agency projected the rate of increase in the wholesale price index at 4.1 per cent *but the index* actually climbed by only 1.4 per cent, *largely because demand* for most "intermediate" *industrial products was too slack to* enable companies to raise their *prices.*

Exchange rate

The rise in wholesale prices would have been even slower if a weak yen exchange rate had not boosted the domestic costs of imported materials such as oil and timber. But high raw material costs—unlike higher prices for intermediate industrial goods—count as a minus factor as far as company profits are concerned: so the overall effect of wholesale prices in *1981 was to make life difficult* both for private companies and *for the National Tax Agency.*

The problem of how to make up for the Y2,880bn tax shortfall is complicated so far as the Ministry of Finance (MoF) is concerned by the fact that the *full extent of the shortfall was* realised only *after* the fiscal *year was over. Under existing* laws the Ministry is not allowed to float public bonds in fiscal year 1982 to cover a deficit that occurred in 1981. It will therefore have to plug the gap by drawing on special funds of various kinds.

A "Deficit Settlement Fund" that exists precisely in order to deal with the problem of unexpected tax shortfalls, is almost certain to be drawn upon, according to MoF officials. But the fund contains only about Y240bn, or rather less than one-tenth of the amount of money needed to make good the tax loss. To fill the rest of the gap (or most of it) the Ministry is expected to borrow about Y2,260bn from a Fund for the Consolidation of the National Debt, whose official purpose is not to make up for tax *shortfalls but to* finance the repayment of matur*ing bond issues.*

The National Debt Consolidation fund at present contains a total of Y3,000bn and can thus just *about stand the strain* MoF plans to impose upon it. However, money borrowed from the Fund will have to be paid back before the end of fiscal year 1983. In practical terms this means that the 1981 tax shortfall will become an extra item on the expenditure side of the 1983 budget.

Dealing with last year's tax shortfall is proving a big enough headache in itself but there is another aspect to the problem which makes it even more baffling. Because the 1981 tax estimates were out by nearly Y3,000bn, *actual tax revenues* during the current year will *almost certainly fall short by* at least the same amount. The 1982 tax *short*-fall can be (legally) dealt with by means of a supplementary budget on the basis of which MOF would be enabled to issue special "deficit covering bonds," but to do this the Ministry would need to get the approval of the national Diet (Japan's parliament).

Autumn session

The Diet's autumn session ought normally to start in plenty of time for MoF to get a supplementary budget approved, but it so happens that an election for the leadership of the *ruling Liberal Democratic Party* (LDP) falls due in November *this year.* Mr Zenko Suzuki, the president of the LDP, also *happens to be the Prime* Minister. He has made it clear that he will not open the Diet *until after he is safely back in* office as party leader — so solutions to the 1982 budget problem will simply have to wait.

The confusion that surrounds *the current state of* Japan's national finances has left little time to consider longer-term problems, but MOF officials are ready to admit that there is something wrong with the tax system itself, as well as with the way it worked in 1981. The ratio of taxation and national insurance contributions to national income in Japan is *about two percentage points* lower than in the U.S. but more *than 15 per cent less than in* most European countries—a situation which strongly suggests that Japan is not taxing itself as much as it needs to in order to meet the costs of running a modern state.

The impression that Japan is a lightly taxed country becomes stronger after a glance at the figures for the various different types of tax that go to make up the central Government's revenue. This shows that, whereas corporate tax levels in Japan are at least as high *as in advanced Western* countries, personal tax is lighter than any other major country except France (except on very high incomes where Japanese tax rates are severe). Finally, indirect taxes in Japan amount to only 8.3 per cent of individual consumption, compared with around 18 per cent in the UK and West Germany *and over 20 per cent in France.*

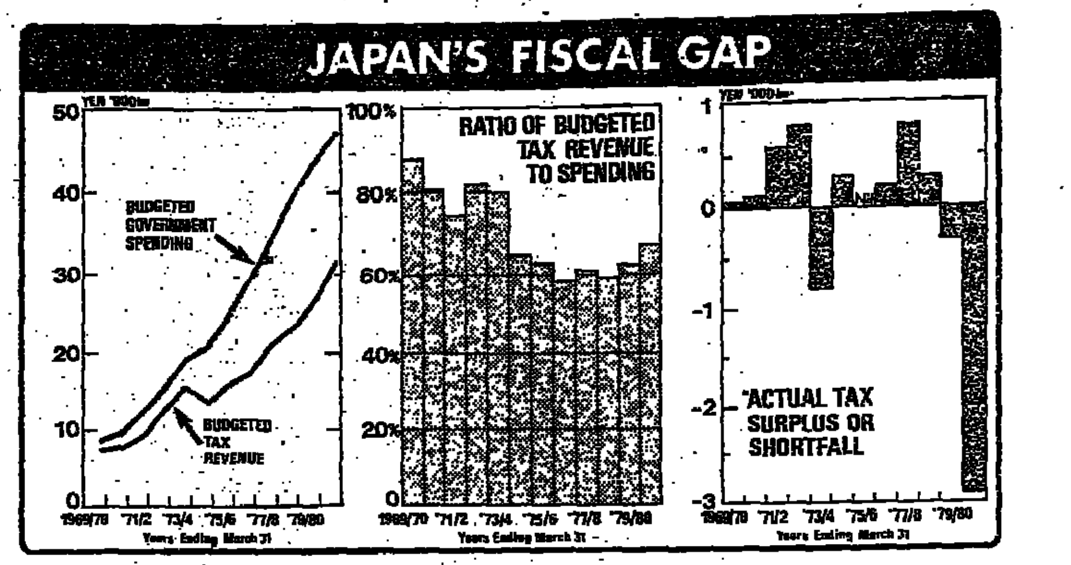
High growth

The view taken in MOF of these international comparisons is that, whereas Japan could afford to tax itself lightly during the high growth era of the *1960s* when tax revenue consistently grew *faster* than GNP, it probably cannot afford to do so today. Some *MOF officials* believe that the Government *should* have put an *end* to its policy of making regular annual cuts in the *nominal rate of* personal income tax as long ago as 1979, instead of after 1977 when the last such cut occurred. They also believe—though is admitted to be a controversial topic—that the National Tax Agency would do well to clamp *down on tax evasion that* is believed to be rife among farmers and small businessmen.

Finally, the Ministry would *like to see Japan introduce* a VAT tax on the European model. A 5 per cent VAT would bring in roughly Y3,000bn per year and would be a more stable source of income, the Ministry says, than sharply fluctuating corporate taxes.

Japan's need to find some way of increasing its tax take seems obvious enough when viewed against the background of the series of "structural" budget deficits the country has been running in the last few years. But it does not follow that anything will actually be done about the problem.

The Japanese business community believes passionately that smaller government rather than higher taxes is the answer to the Government's fiscal problems. So long as it continues to think this—and so long as the survival of the present Government continues to depend on the *existence of a pampered and* protected farming community—there may be little or no action on the tax front.



Robot imitates humans

TOKYO—A Japanese company said yesterday it had produced a prototype of the most human-like robot in the world. Sumitomo Electric Industries Limited said its new robot has arms and legs and is equipped with basic human functions, including perception, hearing and speaking, Kyodo News Service said.

Kyodo said the robot follows instructions from a *human voice and is capable of* moving towards a group of objects, selecting the right one and carrying it to a designated place. Sumitomo plans to use the robot for assembling electronics parts at its plant in Osaka in a few years. It said the company will accept orders after the robot is used at its plant.

The report said the robot is 3 ft tall, 20 ins wide and 3 ft 3 ins deep. Kyodo said the robot perceives objects with two "movable eyes," made of 300,000 optical fibres which allow the robot to differentiate shapes and sizes through "*image recognition* technology" developed by *Sumitomo*.

The report said a carbon-*fibre arm can grip and carry* objects weighing up to 2.2 lb. Its legs are equipped with an optical character reading device which permits the robot to follow written instructions and to detect objects in its path, Kyodo said.

Creditors tell Hanoi debt rescheduling depends on IMF talks

BY ALAN CASS IN WASHINGTON

VIETNAM has received a setback in its attempts to reschedule a substantial part of its \$3.5bn (£2bn) foreign debt. A meeting of creditor nations has told Hanoi that any question of rescheduling would have to await the successful negotiation of a new economic programme with the International Monetary Fund.

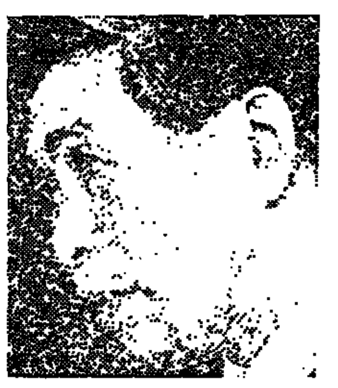
The IMF, in turn, is delaying a scheduled visit to Vietnam in response to a request for emergency balance of payments support. The Fund is apparently waiting for a clearer commitment from the communist regime in Hanoi that it *is willing to undertake further* economic reforms to boost pro*duction and improve efficiency.*

Vietnam has been struggling *with the burden of maintaining* over 150,000 troops in Kampuchea since 1979 and is expected to record a current account deficit of \$625m this year. Although the Soviet Union continues to underwrite the Vietnamese economy with between \$1.5bn and \$2bn a year, its aid is chiefly in goods or nonconvertible currencies. Vietnam's foreign exchange reserves were completely exhausted in March.

The meeting of creditor nations earlier this month was *held under the informal* auspices of the Paris Club. It *followed attempts by Vietnam* to renegotiate its debt repayments on a unilateral basis with a number of Western nations including France, Japan, Britain and Scandinavia.

So far only Iraq, Libya and Algeria have agreed to reschedule Vietnam's hard currency debts. Last year a number of socialist countries, *including the Soviet Union,* effectively wrote off substantial Vietnamese debts. In addition Moscow granted Vietnam a long-term loan of Roubles 100m (£79m).

Outstanding debt service obligations to the convertible creditor nations in 1982 amounted to \$237m. Except for a payment of \$25m to the IMF *earlier this year. Hanoi has* defaulted on nearly \$300m in debt service payments.



The Vietnamese Foreign Minister, Mr Nguyen Co Thach (above), has said that if Asean continues to engage *in hostile activities towards* Indochinese countries, Hanoi would "react." Kathryn Davies reports from Singapore. His threat followed talks with Singapore Government Ministers which highlighted the differences between the two sides. Mr Thach said that Asean support for the "coalition government of democratic Kampuchea" (made up of three anti-Vietnamese factions) was tantamount to hostility against Indochina *and set a bad precedent.*

Although Vietnam had followed a policy of reconciliation with Asean it had *another option.* "If these activities continue, if they (Asean) *would destroy us, we* must react." [illegible] said. Mr Thach was [illegible] *referring to the* [illegible] that Vietnam m[illegible] against Khmer Rouge [illegible] on the Kampuchean-T[illegible] der with the inevitable risk that fighting might spill on to Thai territory.

Agreement with the IMF is vital to its economic recovery programme, which [illegible] on the hope of attracting steadily increasing amounts of foreign aid. IMF officials who visited Vietnam *earlier this year* urged Hanoi to make a major effort *to repay its foreign debt.*

Apartheid 'gone too far'

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA'S grand *strategy of apartheid*—the creation of independent or autonomous *black states within the* country—has gone too far to be reversed, *according to Mr* Harry Oppenheimer, chairman of *the Anglo American Corporation* and South Africa's leading *businessman.*

In his valedictory chairman's statement, prior to his retirement at the end of the year, Mr Oppenheimer urges that these states should now be accommodated in a wider federal system.

He suggests that it might be possible to negotiate a solution to South Africa's problems "if the Government could bring itself to accept in principle that blacks, as well as [illegible] and Indians, should have a [illegible] share in the central government of South Africa, probably on a federal basis."

Mr Oppenheimer retires from the board of Anglo American [illegible] of De Beers at the end of this year.

U.S. said to have pulled out of N-test ban talks

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. has decided to pull out of talks with the Soviet Union and Britain aimed at banning all nuclear weapons testing, it was reported in Washington yesterday. According to Congressional and Administration officials cited in the New York Times, the decision was made at a meeting of President Ronald Reagan's National Security Council on Monday.

The White House said yesterday, however, that the report was "off target." Mr Larry Speakes, deputy press secretary, said he discounted "that version of the NSC meeting."

The main reason given in the report for the decision to break off the comprehensive nuclear test ban talks—which have been suspended since 1980—is that a ban on the small underground nuclear tests, which are the only ones which the U.S. and the USSR have carried out since an earlier treaty signed in 1963, would be almost impossible to verify.

In addition, the Reagan Administration has made no secret of its desire to develop new types of nuclear weapons, which would almost certainly require testing. Officials insisted however, that the abandonment of a comprehensive test ban would have no bearing on nuclear arms reduction talks which are now being held in Geneva with the Soviet Union.

Nevertheless the decision is bound to provoke new attacks from the growing nuclear disarmament movement in the U.S. and could weaken efforts to prevent the proliferation of nuclear weapons. Banning nuclear tests has been regarded by many nuclear experts as the most effective way of preventing nuclear proliferation. But it has traditionally been argued that a comprehensive test ban treaty between the nuclear superpowers is a prerequisite toreducing nuclear testing.

In London the Foreign Office said yesterday the New York Times report came as no surprise.

● President Reagan yesterday sent a letter to Congress urging it to reconsider decisions cutting funding for the MX missile and the C-5 military air transport programmes taken over the past two months by the Senate and House of Representatives armed services committees. The House of Representatives started its debate on the final Pentagon appropriations for 1983 yesterday, amid intense lobbying from the White House and Lockheed, which hopes that the $2bn C-5 military transport programme, which was struck down earlier this year on grounds of cost, may be revived.

Hitachi to appear at secrets hearing

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

HITACHI, facing trial in the U.S. in the IBM computer secrets case, yesterday announced it would "voluntarily appear" at hearings on the case to be held by the North California district court in San Jose tomorrow.

The company will be represented by one of its U.S. lawyers, Mr Peter Fleming. Mitsubishi Electric, another Japanese electronics company involved in the case, also indicated it and four of its employees would also comply with summonses issued by the court.

The company and the four employees were indicted on Monday by a federal grand jury on a charge of conspiring to steal IBM secrets and transport them to Japan.

Mitsubishi said yesterday the charges would be cleared through the trials, which suggests that individual Mitsubishi defendants will comply with the summonses.

No Hitachi executive is expected to go to California to represent the company. However, it appears that Hitachi employees charged individually may go to California for the hearings.

Hitachi said yesterday it would "in no way interfere" with the decision of any of its individual employees on whether to accept summonses from the U.S. court.

Until yesterday the company's position had been that it would not advise its employees to go to the U.S.

Nine Hitachi employees who were in Japan at the time news of the case broke have been summonsed by the U.S. legal authorities.

Hitachi and its nine employees yesterday received summonses from the U.S. district court that had originally been handed to the Japanese Foreign Ministry by the U.S. Embassy officials in Tokyo.

The Foreign Ministry received the summonses on Tuesday but declined to pass them on until the embassy had presented it with a "note verbale."

The summonses require the nine indicted Hitachi employees to appear at the court's San Jose branch by 9.30 on July 22.

Sharp rise in number below U.S. poverty line

BY ANATOLE KALETSKY IN WASHINGTON

THE PROPORTION of Americans officially classified as poor increased last year to 14 per cent, the highest level since 1967. Average family incomes also fell in real terms to their lowest point for a decade, the U.S. census bureau reported this week.

Between March 1980 and March 1981 median family incomes declined by 3.5 per cent in real terms. The median family income of $22,390 (£12,886) a year is less than it was in 1972 after adjustment for inflation.

But the decline is partly attributable to a fall in the average size of families and an increase in the number of single-parent households and single people living on their own.

The number of Americans below the official poverty line of $9,287 annual income for a family of four, increased to 30m.

Most of the increase in poverty was experienced among the black and Hispanic populations—34.2 per cent of blacks and 26.2 per cent of Hispanics were poor compared with 11.1 per cent of whites.

A high birth rate among the poor has been one of the major factors in the resurgence of poverty. About one in five children in the U.S. is now officially classified as poor.

The poverty rate for the nation as a whole was last above 14 per cent in 1967, having fallen from 22 per cent in 1960. Poverty reached a low point of 11.1 per cent in 1973 and remained fairly steady at that level until 1980.

Venezuela's president attends Nicaragua rally

BY TIM COONE IN MANAGUA

VENEZUELA'S President Luis Herrera Campins made a flying visit to Nicaragua on Monday to attend Nicaragua's third anniversary celebrations marking the overthrow of the dictator Anastasio Somoza.

In a speech at a rally attended by an estimated 100,000 people in the town of Masaya, he emphasised the importance of Nicaragua "maintaining a pluralist revolution . . . representing all sectors of society."

He pointed to the need for Nicaragua to develop its economic independence to enable it to maintain a foreign policy of non-alignment.

However, he made no mention of any new economic aid package for Nicaragua, which is suffering serious financial difficulties—especially since an estimated $350m (£201m) worth of damage was caused by a hurricane and heavy floods at the end of May.

Sr Daniel Ortega, one of Nicaragua's three-man ruling junta, speaking at the Masaya rally, said that "a silent invasion is taking place."

He said that hundreds of these right-wing "counter-revolutionaries" or "contras" are entering Nicaraguan territory from Honduras and are receiving support from the U.S. Central Intelligence Agency and direct logistical support from the Honduras army.

Nicaragua estimates there are 5,000 "contras" under arms in camps on Honduras territory and over 1,000 now operating inside Nicaragua itself. Many of them are believed to be former members of Somoza's National Guard.

Sr Ortega also announced that an attempt had been made by a twin-engined aircraft armed with rockets to destroy oil storage facilities at the Pacific port of Corinto. No damage was caused.

Bolivian president named

By Hugh O'Shaughnessy

General Guido Vildoso, 45, was named President of Bolivia late on Monday by the commander of the three armed forces in succession to Gen Celso Torrelio who resigned.

Amid much political uncertainty Gen. Vildoso said he would maintain the timetable for a return to civilian rule announced by Gen Torrelio with elections being held on April 24 and the elected President taking office on August next year.

At the weekend the armed forces had expressed their unhappiness with Gen Torrelio's plans for civilian rule.

Gen Natalio Morales, commander of the Bolivian air force, speaking on Bolivian radio on behalf of the three service commanders on Monday, said new efforts would be made to tackle Bolivia's economic crisis.

Hinting that he wanted to reach an agreement with the International Monetary Fund which would ease the country's extreme shortage of foreign exchange, Gen Morales said public expenditure would be cut and import controls enforced on non-essential items.

Such measures would prepare the way for an agreement with the IMF.

UK sanctions to remain

BRITISH sanctions against Argentina are being kept in place for the time being despite suggestions in the City that they may soon be lifted.

The sanctions, including the 12-mile naval exclusion zone, the ban on arms sales and a freeze of Argentine assets in the UK, are being kept under regular review in Whitehall. But a major problem in lifting them remains Argentina's own sanctions against Britain.

These include withholding of debt service payments to British banks. The funds withheld are being reportedly paid into a special bank account by Argentina for disbursement once the Falklands dispute is settled.

British banks have been pressing for the sanction to be lifted because they fear that Argentina, which is very hard pressed for cash, might be tempted to spend this money.

VOLCKER TESTIMONY TO CONGRESS

Price stability 'will help sustain recovery'

BY DAVID LASCELLES

MR PAUL VOLCKER, chairman of the Federal Reserve Board, opened his testimony to the U.S. Congress yesterday by reviewing the state of the economy and inflation:

"The evidence now seems to me strong that the inflationary tide has turned in a fundamental way. In stating that, I do not rely entirely on the exceptionally favourable consumer and producer price data thus far this year, when the recorded rates of price increase (at annual rates) declined to 3¼ and 2½ per cent respectively.

"That apparent improvement was magnified by some sectors likely to prove temporary, including, of course, the recession; those price indices are likely to appear somewhat less favourable in the second half of the year.

"What seems to me more important in the long run is that the trend of underlying costs and nominal wages has begun to move lower, and that trend should be sustainable as the economy acquires upward momentum.

"I am acutely aware that these gains have been achieved in a context of serious recession. Millions of workers are unemployed, many businesses are hard pressed to maintain profitability, and business bankruptcies are at a post-war high.

"Quite obviously, a successful programme to deal with inflation, with productivity, and with the other economic and social problames we face cannot be built on a crumbling foundation of continuing recession.

"As you know, there have been some indications—most broadly reflected in the rough stability of the real GNP in the second quarter and small increases in the leading indicators—that the downward adjustments may be drawing to a close.

"The tax reduction effective July 1, higher social security payments, rising defence spending and orders, and the reductions in inventory already achieved all tend to support the generally-held view among economists that some recovery is likely in the second half of the year.

"In sum, we are in a situation that obviously warrants concern, but also has great opportunities. Those opportunities lie in major part in achieving lasting progress—in pinning down and extending what has already been achieved—towards price stability.

"In doing so, we will be laying the base for sustaining recovery over many years ahead, and for much lower interest rates, even as the economy grows. Conversely, to fail in that task now, when so much headway has been made, could only greatly complicate the problems of the economy over time."

Against this background, Mr Volcker said the Fed had been willing to tolerate over-target growth in the money supply, partly for technical reasons to do with people's preference for keeping their money in interest-bearing current (or NOW) accounts, and the decline in the "velocity" of the money supply (the ratio of measures of money to GNP).

"In the light of the evidence of the desire to hold more NOW accounts and other liquid balances for precautionary rather than transaction purposes during the months of recession, strong efforts to reduce further the growth rate of the monetary aggregates appeared inappropriate.

"Such an effort would have required more pressure on bank reserve positions—and presumably more pressures on the money markets and interest rates in the short run.

At the same time, an unrestrained build-up of money and liquidity clearly would have been inconsistent with the effort to sustain progress against inflation, both because liquidity demands could shift quickly and because our policy intentions could easily have been misconstrued."

Volcker . . . great opportunities

Mr Volcker said the Fed's Open Market Committee had decided in light of the rapid drop in inflation not to relax the money supply growth targets for the second half of this year. But he went on:

"However, the committee also felt, in the light of developments during the first half, that growth around the top of those ranges would be fully acceptable. Moreover—and I would emphasise this—growth somewhat above the targeted ranges would be tolerated for a time in circumstances in which it appeared that precautionary or liquidity motivations, during a period of economic uncertainty and turbulence, were leading to stronger than anticipated demands for money.

"We will look to a variety of factors in reaching that judgment, including such technical factors as the behaviour of different components in the money supply, the growth of credits, the behaviour of banking and financial markets, and more broadly, the behaviour of velocity and interest rates."

Looking ahead to 1983, Mr Volcker said the monetary growth target would have to be reviewed at the start of the year in the light of velocity, and money or liquidity demand.

But for the time being "the committee felt that the existing targets should be tentatively retained for next year. Since we expect to be around the top end of the ranges this year, both tentative targets would of course be fully consistent with somewhat slower growth in the monetary aggregates in 1983.

"Such a target would be appropriate on the assumption of a more or less normal cyclical rise in velocity. With inflation declining, the tentative targets would appear consistent with, and should support, continuing recovery at a moderate pace.

Turning to his concern over the huge deficit in the Reagan Administration's budgets in the years ahead, Mr Volcker said:

"In most difficult circumstances, progress is being made towards reducing the huge potential gap between receipts and expenditures. But I would be less than candid if I did not also report a strong sense that considerably more remains to be done to bring the deficit under control as the economy expands.

"The fiscal situation as we appraise it, continues to carry the explicit threat of 'crowding out' business investment in housing as the economy grows—a process that would involve interest rates substantially higher than would otherwise be the case.

"For the more immediate future, we recognise that the need remains to convert the intentions expressed in the Budget Resolution into concrete legislative action."

Mr Volcker made it clear that progress on the budget front would help bring down interest rates.

"In considering the question posed by the Budget Resolution, the Open Market Committee felt that full success in the budgetary effort should itself be a factor contributing to lower interest rates and reduced strains in financial markets.

"It would thus assist importantly in the common effort to reduce inflationary pressures in the context of a growing economy.

"By relieving concern about future financing volume and inflationary expectations, I believe, as a practical matter, a credibly firmer budget posture might commit a degree of greater flexibility in the actual short-term execution of monetary policy without arousing inflationary fears.

"Taking account of all these considerations, the committee did not feel that the budgetary effort, important as it is, would in itself appropriately justify still greater growth in the monetary aggregate over time than I have anticipated.

"Indeed, excessive monetary growth—and perceptions thereof—would undercut any benefit from the budgetary effort with respect to inflationary expectations. We believe fiscal restraint should be viewed more as an important complement to appropriately disciplined monetary policy than as a substitute."

Mr Volcker said he also looked to the private sector for help.

Chrysler opens talks on renewing labour contract

BY PAUL BETTS IN NEW YORK

CHRYSLER, the U.S. car maker which reported a $106.9m (£61.5m) second quarter net profit this week, yesterday opened negotiations with the United Auto Workers Union (UAW) on a new labour contract.

The negotiations to replace Chrysler's existing labour contract which expires in September are expected to be considerably more difficult than the negotiations between the UAW and the two other big Detroit car makers, GM and Ford, earlier this year.

While Chrysler is expected to ask for union labour concessions similar to those the UAW granted GM and Ford, the union appears reluctant to give in to management demands for further labour concessions.

Mr Douglas Fraser, UAW president, has already warned he has no intention of making further concessions, and the union attitude is likely to have been further hardened by Chrysler's return to profitability in the second quarter.

It was Chrysler which led the way three years ago in persuading the union to agree major labour concessions to help the troubled carmaker.

According to UAW estimates, the concessions Chrysler workers made to the Detroit company since 1979 have totalled nearly $1.1bn in wage and benefit savings to the company.

Mr Fraser has recently said he will seek to recover the wages and benefits his members gave up in the last three-year contract to help the ailing car company.

ENERGY REVIEW

Contrasting neighbours on the North Slope

BY PAUL BETTS IN NEW YORK

THE GREAT lorries rumble along the gravel tracks on the soggy tundra in a monotonous procession, which seems to last as long as the 24-hour day of the Arctic summer. They carry more gravel for more roads which cost a staggering $500,000 a mile to build. They are just one component of the $10bn which the oil companies are proposing to spend during the next five years to develop to its maximum economic potential the Prudhoe Bay oil field—the largest on the North American continent, perched at the very northern tip of the 49th state overlooking the vast flat Arctic ice cap, and which, to complete the statistical superlatives, has already gobbled up about $8bn from the treasuries of the participating oil companies.

Some 40 miles west of Prudhoe Bay, the lorries are also rumbling and so are the cash registers at Kuparuk, the third largest oil field in America in terms of reserves. Discovered a year after Prudhoe Bay in 1969 it has only recently come on stream. Compared to Prudhoe which is producing at a daily rate of 1.5m barrels, Kuparuk is a relative midget. It came in production last December and is now averaging 90,000 barrels a day, or about 10,000 barrels a day more than original expectations. Production at the newer field is expected eventually to reach 250,000 barrels a day.

The oil glut appears so far to have had little impact on development on the so-called North Slope of Alaska. Arco Alaska, the Alaskan subsidiary of Atlantic Richfield, one of the pioneers of Alaskan exploration, the operator of Kuparuk, and together with Standard Oil of Ohio (Sohio) the joint operator of Prudhoe, is continuing to maintain an extremely aggressive programme in Alaska.

"We have a pretty good feeling of what is there in the reservoirs at Prudhoe and Kuparuk. And on existing ground rules it is evident that development is economic," says Mr Paul Norgaard, Arco Alaska's president. But he warns that "if the world turns, prices collapse, and the state of Alaska started doing dumb things, it could turn things around for Kuparuk. However, in Prudhoe the die is pretty well cast." But even at Prudhoe, Mr Norgaard acknowledges, "we may not get as much oil out of the ground as we would like if some dumb things are done or if the price of oil falls."

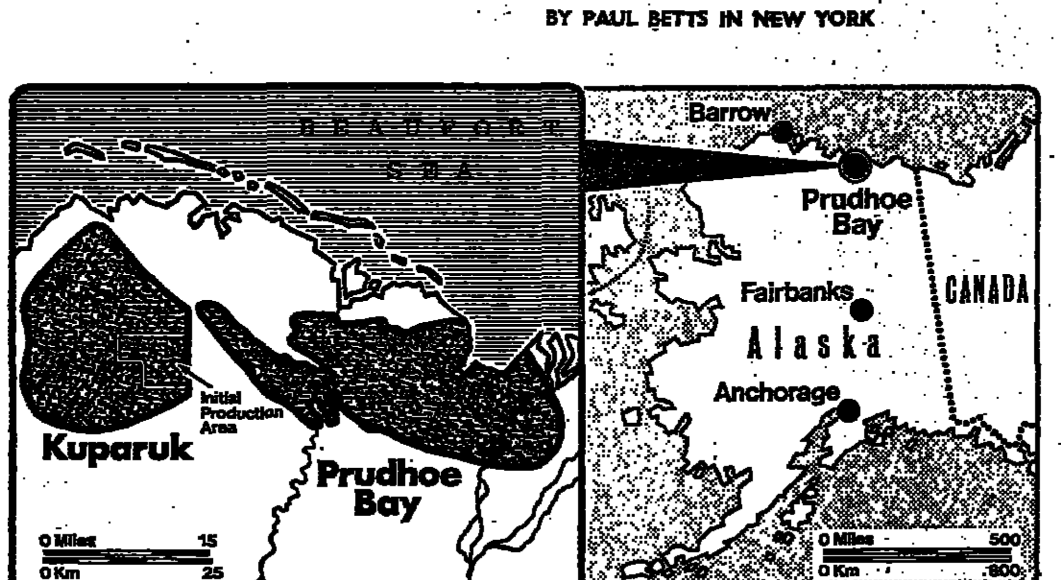
Mr Norgaard emphasised that the current glut is having little effect on Alaskan development because "what you do in Alaska is very sensitive to the 10-year term rather than the two-year term." The time scale stretches even more to between 12 and 15 years for new discoveries from the time exploration begins to the start of production. "I defy anybody to put his crystal ball on the table on that time scale. But assuming the world is rational, that energy will continue to be needed and that liquid hydrocarbons continue to be in demand, then Alaska is attractive."

At Prudhoe, where Arco has budgeted $4bn for development over the next five years and Sohio plans to spend $5.5bn for North Slope development through 1986, the purpose is to stretch the life of the giant field for several more years to come. If no additional development was done, the Prudhoe field would continue to produce at its current rate of 1.5m barrels of oil a day until next year when production would begin to decline. Under these circumstances, the field—which came on stream in 1977—would ultimately yield a total of 5.3bn barrels or about 25 per cent of the known reserves.

But Arco and Sohio have now initiated a number of enhanced recovery methods which would maintain the 1.5m b/d level until the end of the decade with production slowly declining from 1989 until final depletion of the field in 20 to 30 years time. With these methods, including waterflooding, low pressure separation in which the reservoir pressure is lowered at the wellhead to allow oil to flow more freely, artificial lift using natural gas to lighten the oil to help it rise to the surface, and more dense well spacing from 160 acres to 80 acres, ultimate recovery from the field is expected to total 9.6bn barrels or 40 per cent of the oil in place.

The new 80-acre well development programme is already taking place. Some low-pressure separation is due to begin next month and preparations are under way for the most costly of all the additional recovery systems—the water injection or waterflooding project which Arco says will cost $2bn. The idea is to pump water into the field behind the produced oil to maintain the pressure in the reservoir. Arco and Sohio are planning to begin waterflooding in 1984, although the precise timing could be affected by the general economics of oil prices. However, the project will ultimately involve the injection of 2m barrels of water per day and result in the recovery of an additional 1bn barrels of oil over the life of the field.

At this stage, a three-mile-long water pipeline is being built out at sea which will be protected by a thick casing of gravel. A water processing plant is also being constructed in Korea and will be brought to the North Slope during the 1983 summer sea lift—the once-a-year sea caravan which brings all the heavy equipment to the Slope.



Bob Hutchison

Waterflooding is also part of the development programme at Kuparuk—the field 57 per cent owned by Arco in which BP has a 28.5 per cent stake and Sohio (itself 53 per cent owned by BP) has a 9.5 per cent interest.

But the general economics of two fields differ. The characteristics of Kuparuk make it less of a gold mine than Prudhoe. The field covers as large a geographic area as the Prudhoe reservoir, but the oil column is much shallower—an average of 50ft thick compared to 300 ft at Prudhoe Bay. In turn, this means that the amount of oil in place at Kuparuk is substantially less than at Prudhoe with an estimated 4.4bn barrels of oil compared to 23bn barrels. And while recoverable oil is estimated at 9.6bn barrels at Prudhoe, at Kuparuk, according to the latest Arco estimate, the figure is about 1.3bn. At the same time, unlike Prudhoe, the Kuparuk reservoir has no natural gas cap.

The once-a-year sea caravan brings in heavy equipment

Indeed, from the beginning development of Kuparuk was much slower than at Prudhoe because of the high costs involved. Arco decided to go ahead with initial development in 1979 with the aim of starting production in April 1982. But, in part spurred by higher oil prices, Arco gave the project special priority status which enabled the field to come on stream last December with initial production of 80,000 b/d piped to the Trans-Alaskan pipeline at Prudhoe Bay and sent down the 800 miles to Valdez on the southern Alaskan coast with the rest of North Slope crude.

The 1.3bn barrels of recoverable oil from Kuparuk could be lowered if adverse economic conditions persist, Mr Norgaard or Arco Alaska acknowledges. But at current oil prices of around $28 a barrel, Kuparuk remains a going venture although there is some uncertainty over the timing of future development.

As things stand, waterflooding is expected to start in 1983. But production schedules have already been changed. The field is producing at present 90,000 b/d and Arco expected this to increase to 180,000 b/d by late 1984. Subsequently, the oil company pushed its forecast suggesting the higher rate would begin early in 1984. But now the company is again talking of increased production late in 1984. By 1986, assuming a successful waterflooding programme, production is expected to reach 250,000 b/d.

The higher development costs are the result of the need to drill far more wells at Kuparuk because of the shallow nature of the reservoir. The average depth of wells at Kuparuk is 6,300 ft compared to 9,000 to 9,000 ft at Prudhoe. In turn, average production at Kuparuk from a single well is 1,500 b/d compared to 10,000 b/d at Prudhoe. Moreover, because of the reservoir's lower pressure, gas lift was started right from the beginning of production, barring any changes in projected capital spending, Kuparuk, by the time it is fully developed, will have cost its owners about $5bn.

If some doubts are being cast about the development timetable of the North Slope's second major field, there are even greater doubts about other North Slope oil formations which are at present non-commercial. Arco, none the less, has recently launched a series of studies to determine the problems and potential of additional oil production through secondary and tertiary recovery means.

The current programme involves a cretaceous formation which includes a number of shallow sands, most of which overlie the Kuparuk reservoir and lie at depths of between 2,000 to 5,000 feet. The formation covers an area of more [illegible] estimated to contain 15bn to 40bn barrels of oil in place. Tests show the oil to be fairly thick and heavy, with the specific gravity only 11 to 22 degrees (as measured by the American Petroleum Institute). But oil gravities as high as 26 degrees API, comparable to Kuparuk, have also been measured. Prudhoe crude, for its part, is about 27-28 degrees API.

But the sands project is still very far down the road. Indeed, Arco and the other North Slope producers are far more concerned about tapping the natural gas which overlays the oil—the so-called gas cap—and new offshore development off the North Slope in the more immediate future. But again, economics are still a major obstacle. Development costs offshore, (which will be discussed in a future energy review) are far higher while the economics of gas are as uncertain as ever.

The fate of North Slope gas hinges on construction of the multi-billion dollar Alaskan Gas Pipeline. But at present, the pipeline, whose estimated total

Multi-billion dollar gas pipeline

cost is now put at more than $40bn, is generally regarded as an economically unviable project. The gas at Prudhoe Bay is thus pumped back into the field—one of the largest gas fields in North America. Mr Norgaard of Arco puts on a brave face when discussing Prudhoe gas, 42.5 per cent of which is owned by Arco following the recent final determination of the Prudhoe partners equity values in the field. As a result of the final determination, Sohio's share of the oil reserves declined by 2.5 per cent while Arco's and Exxon's increased. As for the gas, Mr Norgaard says: "Some day it will be used. I can't tell you when and what for. But I refuse to believe that there is no use for 27 trillion cubic feet of gas energy all here in one place."

A second article on Alaskan oil and gas prospects will appear in a later Energy Review.

EEC takes tough line on Portuguese textiles

BY JOHN WYLES IN BRUSSELS

THE GRADUAL toughening under French pressure of the EEC's negotiating stand with applicant countries continued yesterday with the adoption of stern proposals affecting Portuguese textiles.

This is one of the few Portuguese products whose exports could take off after Lisbon joins the EEC since they are produced at prices 20-30 per cent below Community levels. But with their own producers in severe difficulties and with attempts to negotiate import ceilings with third world producers running into problems, several EEC countries, notably France and the UK, are looking for shelter from Portuguese imports.

As a result, EEC Foreign Ministers pushed aside European Commission proposals allowing for a 10 per cent increase in this year's imports of Portuguese textiles and a three-year transition period after Lisbon joins the Community during which the imports would be subject to quotas rising by 15 per cent a year.

Instead the Ministers adopted a more restrictive package which French officials say will be put to Portugal on a "take or leave it basis."

Under British pressure the Council agreed increases in quotas for 1982-83 of between 5 and 7.5 per cent according to product. They also specified the increases by country and product. Thus, the UK, which takes 40 per cent of Portugal's textile exports to the EEC, will accept only 225,000 more women's blouses and no increase in T-shirts.

France, which takes 17 per cent of Portuguese textiles, will accept another 190,000 T-shirts, 380,000 pullovers and 150,000 men's shirts. France insisted on a four-year transition period after accession before all quotas are lifted. This was conceded by other member states together with annual quota increases of between 7 and 15 per cent according to category of product.

This proposal is unlikely to be regarded as over-generous in Lisbon but the desire to make progress in the accession negotiations is said to be so strong in the Portuguese capital that it is unlikely to be rejected. But the government may well complain that since its products amount to less than 5 per cent of the EEC's total textile imports, the Community could have shown more flexibility.

Textiles will be one of the problem areas to be examined by the European Commission when it draws up its "inventory" on enlargement requested on French prompting by last month's EEC summit.

Brock calls subsidies inquiry

BY TERRY BYLAND IN NEW YORK

THE BITTER dispute over the $663m (£390m) contract for new carriages for the New York subway system was reopened yesterday when Mr William Brock, the U.S. Special Trade Representative, ordered a further investigation of the Canadian export credit subsidies involved.

Mr Brock's inquiry, set up in response to a petition from the U.S. unions involved, has to report by mid-February on what action, if any, the president should take. It is the third inquiry into the award of the contract to Bombardier of Canada, which was given a 9.7 per cent export credit by the Canadian Government.

The petition came from the industrial union department of the AFL-CIO and from the United Auto and Aerospace Workers, the International Association of Machinists and Aerospace Workers and two district chapters of the United Steelworkers' Union.

These unions have members employed by BUDD, the U.S. subsidiary of Thyssen of West Germany. BUDD has vigorously fought the contract decision, but its complaint to the Commerce Department was rejected a week ago. BUDD has said that it will shortly be forced to lay off workers at its rail workshops in Philadelphia.

The union's petition claims that Bombardier's contract violates the U.S. subsidies code and is an "unreasonable burden on commerce." It also refers to the loss of employment for U.S. workers which the unions claim would result from the award of the contract to Bombardier.

Mr Brock's department has already held talks in Geneva with the Canadian Government.

Mr William Brock

U.S. ratifies air fares pact

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES flying the North Atlantic between Western Europe and the U.S. will be allowed to raise or lower their fares to meet changing market conditions without immediate reference to their governments for approval. This will be effective from August 1.

This is the immediate result of an agreement between the countries on either side of the Atlantic, first initialled last May, which has now been ratified by the U.S.

Countries earlier approving the agreement, reached under the aegis of the European Civil Aviation Conference, are the UK, Belgium, France, Greece, Ireland, Italy, Portugal, Spain, Switzerland, West Germany and Yugoslavia. The Netherlands may also soon join.

Under the agreement, fares may be raised or lowered within specified "bands." Economy fares, for example, can be raised or lowered by 20 per cent, while lower-rate fares can be altered by up to 30 to 40 per cent.

Although in theory the agreement permits airlines to lower fares, current trends indicate that fares may in fact be raised this autumn.

Most airlines' costs have continued to rise, while traffic on the North Atlantic remains almost static. A fares rise for the North Atlantic this autumn may well be agreed at a major meeting of members of the International Air Transport Association due to take place in Geneva next week.

UK group in £41m Canada deal

BY NICK GARNETT, NORTHERN CORRESPONDENT

A JOINT venture between Simon-TR, a subsidiary of the British company Simon Engineering, and Transtec Canada, has beaten five other principal bidders in obtaining an exclusive licence to develop a petrochemical terminal in British Columbia.

The terminal, expected to involve more than C$80m (£41m) in development costs, is linked to the growing orientation of the Canadian petrochemical industry towards exportation. The Canadian domestic market is already saturated.

Simon-TR said yesterday that it had satisfied itself that there would be enough volume of bulk liquids through the new terminal, to be built at Prince Rupert, to justify its development. A throughput of 1m tonnes is anticipated within five years.

Simon-TR and Transtec will be involved in providing project finance as part of the scheme, excluding grants which may be available from the two Canadian provincial governments and the National Harbours Board of Canada which together awarded the licence.

The cost of the rest of the project derives mainly from land and jetty development.

Simon-Carves of Canada and Thompson Associates of Vancouver will be involved in mechanical engineering and civil engineering work respectively.

The Canadian petrochemical industry centred on Alberta has in the past generally railed its products to the U.S. for shipping or utilised terminal capacity at Vancouver for its export trade.

The Canadian Government has adopted a policy of encouraging exports from Canadian ports but further development at Vancouver is constrained by environmental and transport problems. Coal and grain exporting facilities are already planned or being constructed at Prince Rupert.

Setback for Swiss construction

BY JOHN WICKS IN ZURICH

FOREIGN TURNOVER of Switzerland's leading construction companies showed a slight decline last year to SwFr 724.7m (£199m) after having reached a record SwFr 733.2m in 1980. The 1.2 per cent drop in absolute turnover was equal in real terms to a fall of about 10 per cent, according to the Gruppe der Schweizerischen Bauindustrie.

The association, whose 17 corporate members last year booked a record overall turnover of SwFr 3.01bn attributes the drop to the completion of a number of major long-term projects. At the same time, new business stagnated as the result of a decline in available funds in oil-producing countries and increased indebtedness in the third world, as well as tougher Far East and local competition in Mid-East markets.

Nissan plans £23m parts centre in Netherlands

By Kenneth Gooding, Motor Industry Correspondent

NISSAN, the Datsun car group of Japan, is seriously considering setting up a Y10bn (£23m) parts distribution centre for Europe in the Netherlands.

The group has been under pressure from the importers of its cars for some time because "Nissan has been behind the European manufacturers in terms of the speed of supply of service parts to dealers and customers," according to Mr Masataka Okuma, executive vice-president.

However, Nissan wants to increase the price of its parts to pay for the venture and the importers are resisting such a move even though the company has pointed out they would save cash by having to stock fewer parts and need less storage space.

"There is a good chance this will be solved by negotiation with the importers. But the situation is still fluid," says Mr Okuma.

He maintains the centre will be needed particularly when the cars Nissan will jointly make with Alfa Romeo of Italy come on stream next year and now that the Japanese company has control of Motor Iberica in Spain.

Mr Okuma says Iberica, in which Nissan has invested $81.5m (£30m) for a 54.6 per cent stake, will become the company's European production centre for commercial vehicles.

The four-wheel-drive Patrol and the light van, the Vanette, will be introduced to Iberica's plant and sold under the Nissan name. "This means the quality must be equivalent to Japanese standards."

Other Nissan commercial vehicles might be introduced to Iberica later. Japanese heavy trucks were unsuitable for Europe at the moment but Iberica's experience should help put that right.

The recent equity injection by Nissan—$21.5m via a rights issue—together with the low-interest loan facilities provided by Spanish banks, should cover Iberica's financial needs for the foreseeable future.

Nissan has no intention of producing cars at the Iberica plant, says Mr Okuma. Iberica has no experience with cars and, in any case, the Spanish Government would be unlikely to give permission for car production while the State-owned Seat group still needed support.

Colombia seeks bigger foreign stake in its oil

By Hugh O'Shaughnessy

COLOMBIA is seeking increased foreign participation in its oil industry and is offering clear and definitive conditions to investors, said Dr José Fernando Isaza, president of the state oil company Ecopetrol in a speech in London yesterday.

"Our country honours its commitments," he said. "Initial contracts, once signed, will not subsequently be revised or unilaterally altered."

In the past half year, Dr Isaza said, oil production reached 142,000 barrels a day and the prospect is that growth in output this year will exceed the 7.4 per cent increase registered in 1981.

Brazil mass transit

Mitsui and Company said it has received a Y16bn (£36m) order for 100 electric railway passenger cars from Empresa de Trens Urbanos de Port Alegre, a Brazilian mass transit railway company in Port Alegre, Reuter reports from Tokyo. The units, to be built by Nippon Sharyo Seizo Kaisha and Hitachi and to be shipped to Brazil starting early 1984, will run on a 27 mile commuter train project being supported by a $159m World Bank loan.

Charles Smith tells of importers 'left in the dark'

Japan may ban food additive

THE STORY of how a Japanese ministry took steps to ban a food additive contained in biscuits and confectionery without informing foreign importers (until the last moment) is being cited as an indication of Japan's tendency to give second-class treatment to imports.

The story began last March when the consumer products manager of a major European trading company heard from what are described as industry sources in his own country that Japan was planning to remove a substance known as Butyl Hydroxy Anisol (BHA) from the positive list of additives allowed to be included in food products. The man telephoned the Ministry of Health and Welfare and was told that studies were being conducted on BHA. Beyond that, the Ministry had "nothing to say."

He then contacted an acquaintance in a Japanese food wholesaling company who showed him a copy of a confidential document bearing the address of the Ministry of Agriculture. The document was dated December 1981, and revealed that preparations were under way to ban BHA. It said that materials in the case were being made available to "relevant Japanese industries" and referred to a decision to make no Press announcements for the time being.

After obtaining a copy of the Ministry of Agriculture document the European businessman attended a seminar sponsored by the Japan External Trade Organisation (JETRO) on the subject of "Improved procedures for import testing." During the seminar he put a question to a representative of the Agriculture Ministry who "appeared to understand what BHA was" but said that it was not the concern of his Ministry. Foreign businessmen would be contacted in due course by the Health and Welfare Ministry, the official added.

Foreign embassies and trade promotion organisations in Tokyo finally began to receive in late May undated notifications from the Health and Welfare Ministry announcing a probable banning of BHA for use in all foods except palm oil. Before that the Japan Times, Tokyo's leading English-language newspaper, had published a report saying that the government was thinking of banning the additive. The report also said that Japanese companies had stopped using it in their products from February onwards. The European trading company never received a copy of the Ministry's English-language notification. A copy of a Japanese-language announcement, dated May 10, eventually reached it, via a confectionery importers' association, on July 3.

The European trading company says it expects the ban on BHA to come into force on or around August 10 with a three-month leeway period for the import and manufacture of foods containing the substance.

The leeway period means that in theory, the company still has time to decide what to do about the ban. In practice, Japanese wholesalers and retailers usually decline to handle products containing an additive that has been listed for banning from the moment that the ban is formally announced.

BHA is an anti-oxidant which is widely used by biscuit and confectionery makers to prevent fats from going rancid, but which Japan's Health and Welfare Ministry suspects may have cancer-causing properties. The European consumer products manager says he has no quarrel with the Ministry's decision to ban BHA despite the fact that Western health authorities have yet to be convinced of the validity of the tests on which the decision was based.

What he does not understand is why Japanese companies were given advance warning of the Ministry's intentions while foreign companies were left in the dark.

AT & T asks tenders for fibre optics 'Phase Two'

By Paul Taylor in New York

American Telegraph and Telephone (AT & T), the U.S. telecommunications company, is seeking tenders for the next section of its fibre optics communications system, but is specifying that bids must be based on equipment manufactured in the U.S.

The move is likely to provoke another storm of protest from foreign companies. Last October, AT & T awarded a $75m (£44m) contract for a fibre optics communications system to Western Electric, its own manufacturing subsidiary, despite a lower bid from Fujitsu of Japan.

The company said yesterday that it had specified that all major optical components must be manufactured domestically and that the final assembly of the major electronic components and the cable must take place in the U.S.

AT & T said it had made these conditions because of "public policy considerations," and added that "national security concerns also weighed in the decision." Potential customers are being asked to submit bids by October 19.

UK NEWS

Shortfall of £3m may hit British Council

By James McDonald

THE BRITISH COUNCIL faces the possibility of a substantial shortfall of funds of more than £3m this year, mainly because inflation overseas is running at significantly higher levels than in the UK, said Sir John Burgh, director-general of the Council, in London yesterday.

The shortfall would be after accounting for the phased cut this year, 1982-83, of £15m in the Council's spending under the Government decision to reduce its contribution to the main operating budget by 18.5 per cent in real terms over a four-year period.

Sir John, speaking at a Press conference to introduce the report for the year to end-March, said the council had planned ahead to accommodate its operations to the £1.5m phased cut.

"However, last year we could not foresee the effects on the Council arising from the Government's changeover from volume planning to its new system of cash planning."

Under this system a cash ceiling is fixed at levels below that likely to be necessary to offset the effects of UK inflation, although much of the Council's spending is abroad where inflation is higher.

Sir John said the Government was considering the Council's problem "sympathetically" and that its case had the backing of the Foreign Office.

Hypothetically, he said, if the Government did not make up the £3m shortfall this year the Council would have to consider withdrawing from some of the 79 countries in which it was represented.

The Council had tried increasingly hard to "help ourselves" in recent years, said Sir John. "For example, over the last three years we have increased our own earned revenue from 19 per cent to 28 per cent of our main operating budget (the money given to us by the Government.)"

The most recent success in this field was renewal of the contract on July 5 with King Abdul Aziz University, Saudi Arabia, to provide educational services to the English-language centre.

"This contract will be worth at least £10m over a two-year period."

The British Council, Annual Report 1981-82, SO £1.70.

Vauxhall tries to head off S Car imports blacking

BY JOHN GRIFFITHS

VAUXHALL, facing the prospect of union action to block imports of its new S Car small hatchback, has told its workforce the car might eventually be built here. The criterion, however, would be whether it could be built competitively.

The executive committee of the Transport and General Workers Union is expected to decide in September whether to instruct dock-workers to black the cars, due to be launched in the UK in the spring.

The car is to be built at a new plant established by General Motors, Vauxhall's parent, at Zaragoza, Spain. Union officials at Vauxhall's Luton and Ellesmere Port plants called initially for the car to be assembled in the UK.

Delegates from the union's vehicle-building and automotive national committee said blacking should continue until such time as assembly started in the UK where jobs for its members would be generated.

The car is to be called the Opel Corsa on the Continent but has yet to receive its British name under the Vauxhall badge.

It is an important model for Vauxhall, pitched straight at a market sector currently occupied by BL's Metro, the Ford Fiesta and the Talbot Samba, and accounting for 20 per cent of all new-car sales.

Vauxhall has a UK market share of just more than 11 per cent and the S Car is vital to the company's plans to achieve 16 per cent of the new-car market by 1985.

The workforce has been told that apart from the new model helping to stimulate demand for other UK-assembled models, several General Motors factories in the UK would supply components.

Vauxhall said revenues from the sales of the S Car would benefit all its employees in Britain and help safeguard their future. It had "carefully explained" to the workforce that initially the car would be built in Spain and, when possible, the company would try to build it in the UK.

It coupled its assurances on the new model with another, that it would soon start to cut substantially the level of imports of its successful Cavalier. This was launched last year with an initial sales forecast for 1982 of 65,000 units.

So far 40 per cent of this demand has been met by imports from the Continent. Output is to increase from 32 cars an hour to 40. This would still require considerable imports if the current level of demand were to be sustained.

Vauxhall however, is reluctant to launch into double-shifts or to invest more on Cavalier capacity until the impact of its main competitor, the Ford Sierra to be launched in September, can be assessed.

Vauxhall claims, however, that local assembly of all models this year has increased by 58 per cent, compared with an increase in total demand of 39 per cent.

● About 850 jobs are being lost at Lucas CAV's vehicle-component plants. Yesterday it closed the Ipswich, Suffolk, factory which makes its award-winning miniaturised diesel-engine fuel-injectors for the U.S. The plant employed 250.

It also announced a voluntary redundancy and early-retirement programme at its Rochester, Kent, and Gillingham, Kent, plants. About 600 jobs are expected to disappear over the next four to six months.

The company said a sharp fall in U.S. demand for diesel-cars caused the Ipswich closure. Its U.S. plant at Greenville, Carolina, which also makes the injectors, was put on short-time working a few months ago.

The Ipswich plant had been on three-day working since February. It had been subject also to a voluntary redundancy programme. This saw employment fall from the 500 level at the end of last year.

Production of microinjectors is to be moved to the company's headquarters at Sudbury, Suffolk, where a total of 1,700 are employed.

AFTERMATH: The bodies of Household Cavalry horses killed by yesterday's bomb blast in London Hyde Park

Civil engineers wary of plan to build roads with private finance

BY ANDREW TAYLOR

CIVIL engineers' leaders have told the government that proposals to attract private finance to support Britain's road-building programme will have to be substantially modified if contractors are to take part in the scheme.

The Federation of Civil Engineering Contractors welcomed the idea of using private funds for road-building. There is, however, a gulf between how contractors see such a scheme and proposals contained in a Transport Department consultative paper published last month.

The Department's proposals would allow contractors to build roads, or sections of roads, with finance raised from City institutions. Contractors would be paid by some form of royalty related to the roads traffic.

Royalty payments, to be met out of the public purse, would be made over a number of years—15 has been suggested—and contractors would be financially liable for construction and maintenance of the road.

The main obstacle in the way of implementation—though it is hoped that one or two exploratory schemes may start next year—is the level of safeguards which contractors would require if they were financially liable for construction and maintenance for up to 15 years or even longer.

The federation says that royalty payments should be on a sliding scale so that, if traffic flows were less than expected, contractors and their financial backers would be compensated. Royalty payments would be correspondingly less if traffic were heavier than expected.

Also, the federation stressed that contractors should not be expected "to carry the whole risk of future inflation over such a long period, since this is clearly subject to Government policies and outside the province of contractors." It said that royalties should be indexed to allow for the impact of inflation on construction and maintenance costs.

The over-riding view of civil engineers is that private funds for roads must be regarded as an additional source of finance. They would reject any move to use private finance as an alternative to direct public investment in roads.

The key to this dilemma rests in the reaction of the Treasury, rather than that of the Transport Department. The Treasury has clearly stated that contractors must accept an element of risk if private finance schemes are to be allowed as additional expenditure outside established public spending cash limits.

Bank's paper on liquidity published

By William Hall, Banking Correspondent

THE BANK of England has published final details on how it plans to measure bank liquidity, as part of its efforts to improve the system to supervise banking.

A final version of a paper, the Measurement of Liquidity, has been published after nearly 18 months of discussion with the 600 banks and licensed deposit takers. A first draft of the paper, published in March 1981, was heavily criticised by the banks because of its inflexibility. A second version, published last August, was much more flexible.

The final version of the liquidity paper follows closely the lines of the August draft. The system of measurement of bank liquidity is based on a projection of potential cash flows. That will provide the framework for discussions between the Bank and individual institutions about their policies for management of liquidity and for establishment and monitoring of particular guidelines agreed for liquidity. The Bank stresses that it will not rely on rigid ratios but will take account of banks' particular circumstances.

The key to the authorities' initial assessment will be a "maturity ladder" of assets and liabilities. The first maturity band on the ladder will compare sight and near-sight deposits with cash and assets able to generate cash immediately. That will be equivalent to the customary liquid assets ratio.

The Bank proposes that marketable assets will be graded, according to their marketability, by applying certain discounts.

Raymond Hughes reports on a significant case for the London market

Reinsurance dispute to be tried in England

A REINSURANCE dispute, between a Canadian and a Greek company which involved a string of reinsurers throughout the world should be tried in the English courts, the Court of Appeal said yesterday.

In a judgment of considerable importance to the reinsurance market, the court held that the matter was governed by English law because all the transactions concerned in the dispute had been carried out by, or through, London brokers.

The court allowed an appeal by Citadel Insurance of Toronto, against a Commercial Court judge's refusal to allow it to serve English legal proceedings on its Greek reinsurer, Atlantic Union Insurance, in Athens.

The appeal judges said Citadel had taken a percentage of the risk on a ships' hulls policy on which the leading underwriter was a New York insurance company. Citadel reinsured its risk through the New York brokers International Excess, who operated in London through a reinsurance broking company in the Austen group.

Recover

The reinsurance was covered 100 per cent by Atlantic, which in turn, placed almost all of it with a string of other reinsurers all over the world.

The situation arose where Citadel wished to recover about $870,000 (£500,700) it alleged was due to it under its account with Atlantic. Atlantic contended that the losses in respect of which Citadel claimed did not fall within the terms of the reinsurance cover.

Citadel issued a writ in England but was refused leave by Mr Justice Bingham to serve it on Atlantic in Athens. The judge indicated that Citadel should sue in the Greek courts.

The appeal court accepted Citadel's contention that all the contracts had been made in London, or by or through Austen carrying on business in London, and were therefore by implication governed by English law, that being the legal system with which they had the closest connection.

Lord Justice Kerr said that both International Excess and Atlantic had wished to operate in the London reinsurance market—London being probably the world's leading reinsurance centre—and had left open the question of which law should govern the contract.

The whole of the business, from both Citadel's and Atlantic's point of view, had been run by Austen in London, which was the only convenient place for investigating and determining all the matters in dispute.

Warning

Lord Justice Kerr added a warning for the future. He said that when the Civil Jurisdiction and Judgments Bill came into force, such cases would have to be decided differently.

The EEC convention on judgments in civil and commercial matters would then be in force and the general rule would be that defendants domiciled in EEC countries would have to be sued in their own courts. To that extent it would become irrelevant where contracts had been made or by which law they were governed.

The only certain way of ensuring that English courts would have jurisdiction would be for the contract to contain an express term to that effect. That would not be permitted in all insurance transactions, but it would be in all cases of reinsurance.

The judge said he was drawing attention to that because "there still appears to be considerable ignorance about the consequences which this convention will soon have for the jurisdiction of our courts, and these deserve study and preparation in advance."

Burroughs challenges health authority computer contract with ICL

FINANCIAL TIMES REPORTER

BURROUGHS Machines, a subsidiary of the American Burroughs Corporation, yesterday began an action in the Appeal Court to stop the Oxford Regional Health Authority awarding a computer contract to International Computers Ltd. (ICL).

A High Court judge earlier this month refused Burroughs' application for a temporary injunction stopping the authority awarding the contract for a pilot computer system for its Northampton district data centre otherwise than in accordance with tender documents.

Mr Richard Harvey QC, for Burroughs, yesterday challenged that refusal and said that when tenders were evaluated by the authority's officers the Burroughs system was found to be the best and the cheapest.

"But the members of the authority nevertheless decided to award the contract to one of the other shortlisted suppliers, ICL," he told Lord Justices Waller, Donaldson and Griffiths.

Mr Harvey said that it was not easy to see why the authority had made that decision but it was clear that it had not been reached on the basis of the authority's stated criteria which were set out, as required by EEC law, in its invitation to tender.

The injunction, if granted, would remain in effect until a full trial of Burroughs' action seeking a declaration that the authority's decision was unlawful and void plus damages for alleged breach of agreement and statutory duty.

Mr Harvey said European law contained a directive that there should be no discrimination between contractors in relation to supply contracts on grounds of nationality.

Burroughs was one of five suppliers shortlisted by the authority and invited to tender in April this year.

The initial evaluation by the authority's regional computer unit found that the Burroughs system was the best and, at that time, the second cheapest. The unit recommended the cheapest system but the regional computer advisory committee recommended the Burroughs system.

ICL did not do at all well at this stage, being third on cost.

On May 6, a day before the authority was due to consider the recommendations, its chairman received a call from the parliamentary under-secretary at the Department of Health and Social Security requesting postponement of its decision to allow further discussion between the Health Minister, Mr Kenneth Clarke, and the NHS computer policy committee.

Early in June, Mr Clarke issued written instructions to the computer policy committee which were "clearly designed" to ensure that the committee would give favourable consideration to British industry and in particular to ICL, Mr Harvey alleged.

The hearing continues today.

Howell forecasts LT takeover

MR DAVID HOWELL, the Transport Secretary, said last night that there was "widespread support" for London Transport to be taken away from Greater London Council and controlled by a separate transport authority.

He told a meeting of Greater London Young Conservatives that the Government welcomes the report of the Select Committee on Transport, to be published on July 28.

The Government will "consider" legislation to clarify the amount of subsidy to be paid by local government for provision of transport. Mr Howell emphasised that this would be only a stepping stone to possible reorganisation of transport in London.

He said there was no question of the GLC being allowed to continue with a "free-for-all" policy on fares "at the expense of the taxpayer and ratepayer."

Mr Howell expressed interest in the idea of using private bus operators in London, which he believes would be a spur for better bus operation by London Transport.

B Cal passengers up by 16%

DOMESTIC AIR routes have been busy this summer, partly as a result of the rail dispute but also because air travel appears to be improving despite the business recession.

British Caledonian said yesterday that passenger traffic on its main UK air routes rose by an average of 16 per cent, with 165,000 travellers on routes between Gatwick and Edinburgh, Glasgow, Manchester and Jersey from April 1 to July 8.

This compares with 152,000 passengers on the four routes in the corresponding period in 1981.

Collins partner charged

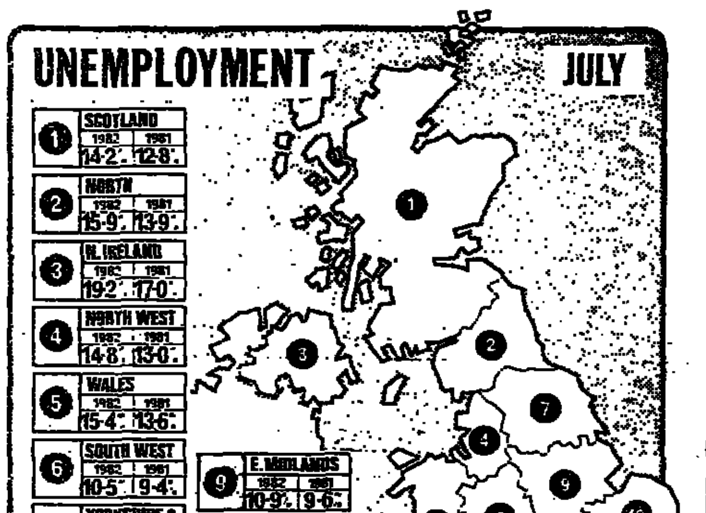
At Mansion House Magistrate's Court yesterday, Mr Gerald Charles Bowyer-Tagg, a partner of Norman Collins, the stock-broking firm which crashed last year, was remanded on conditional bail until September 3. He faces charges alleging falsification of accounts and theft.

Mr Bowyer-Tagg, whose sureties total £25,000, was dealt with in his absence by arrangement with his solicitors.

Mr George Alfred Cartlidge, of Vicarage Hill, Benfleet, jointly charged with him, appeared and was remanded on unconditional bail to the same date.

87 sent off

MITRE SPORTS of Huddersfield, "official" ball-suppliers to the English and Scottish FA and Football League, is to make 87 of its 300 employees redundant because of a drop in orders for the footwear division.



THE "headline" unemployment total of 3,190,621 in July represents 13.4 per cent of the total workforce, the highest level in the European Economic Community except for Belgium where the latest figure is 17 per cent.

The UK figure compares with 3,061,240 or 12.8 per cent in June. When the figures are seasonally-adjusted and school-leavers are excluded, the July total is 2,926,400 or 12.3 per cent of all the workforce, compared with 2,910,600 or 12.2 per cent in June.

The unemployment rate is also rising in most of Britain's competitor countries. The current rates include 11.9 per cent in The Netherlands, 10.8 per cent in France, 10.3 per cent in Italy, 7.5 per cent in West Germany, 2.4 per cent in Japan, 10.2 per cent in Canada and 9.5 per cent in the U.S.

The unemployment level is rising fairly slowly in Britain, however, and the seasonally-adjusted underlying rate of increase is substantially below that of 1981. Some other countries, including France, West Germany and the U.S., have higher rates of increase than Britain. Japan's rate is lower.

Within the jobless total are wide regional variations. The rate in Northern Ireland has reached 19.2 per cent. Mr Adam Butler, Northern Ireland Industry Minister, said the figures were predictable but none the less distressing with no immediate prospects for improvement.

In the South East the seasonally-adjusted figure fell slightly to 675,000. The South West and North West also had reductions. Including school-leavers, unemployment rose significantly in every region.

Serious unemployment blackspots are developing in London, including Stepney (32 per cent) and Hackney (21.6 per cent). Since last July the number of jobless in inner London has risen by 20 per cent

Prudence and profligacy at the town hall

Robin Pauley analyses how rate rises relate to council spending

YEARS OF change—both of the system of grants to local authorities in England, and of calculating various forms of penalties—have made it impossible for ratepayers to relate the size of their rate bills to their council's expenditure.

It has become increasingly difficult in recent years to compare local authority spending because the Environment Department has used so many different ways to calculate it, and has used different and incompatible price bases for sets of figures and tables.

A number of MPs, usually led by Mr Christopher Price, Labour, Lewisham West, have retaliated by forcing the Department to produce comparable figures in answer to Parliamentary questions. Figures have now been produced to show what English councils plan to spend, in cash terms, in their 1982-83 budgets—compared with their final revised budgets for current expenditure in 1981-82.

The figures show that, in dozens of cases, there is little, if any, relationship between the increase or decrease in spending plans this year and the increase in the domestic rate bill sent to ratepayers in the spring.

The Government has repeatedly expressed its concern about the level of current expenditure by local authorities, which exceeds Government targets every year, while capital allocations are considerably underspent. But the Government, particularly Environment and Treasury ministers, has tended to blame what it regards as profligate councils for spoiling the record of all councils. This year there was a political split — Conservatives blamed high-spending Labour councils for high rate rises, Labour argued that there were as many high-spending Conservative councils. The table shows that very high rate bills this year often had nothing to do with profligacy.

Cleethorpes, for example, cut its current expenditure by 6.6 per cent yet had to send its ratepayers a bill which was, on average, 43 per cent higher than last year. In Forest Heath, on the other hand, ratepayers received bills which had increased by only 8.2 per cent, less than the rate of inflation, although the council's current expenditure budget is 27.3 per cent higher this year than revised budgets last year.

Two London boroughs, Richmond and Merton, which have tried to contain their current expenditure for years, achieved very small increases this year and are widely regarded as prudent. Richmond, however, had the largest rate increase of any London borough—28 per cent—and Merton had 23 per cent.

The reasons for the problem are many and complicated, but they include:

● The heavy impact on local rates of the second-tier precept from the county councils and, in London, the Greater London Council and Inner London Education Authority.

● The inconsistent and arbitrary way in which Government grant to councils is distributed year by year, different governments favouring different sections of local administrations.

● The use of balances to soften the rates blow, which is particularly prevalent in election years.

● The system of penalties and grant withdrawal, after markers have been fixed by central government, works in a contradictory way which sometimes helps high spenders and hits low spenders. The Government is trying to improve the system but, with the exception of the Education Department's assessments of expenditure in its field, the spending assessments are still regarded as inconsistent and unsophisticated.

The Government having abandoned attempts to find an alternative to domestic rates, there are certain to be rate bills every spring for the foreseeable future, although ways may be found to reduce them, such as a separate block grant for education expenditure.

But the one thing ratepayers can no longer do is assume that a big jump in the size of the bill is due to the council spending money like water. As the table shows, the converse may be true.

CHANGES IN LOCAL AUTHORITY CURRENT EXPENDITURE AND DOMESTIC RATE BILL 1982-83

Local authority	Current expenditure (cash budgets 1982-83) £m	Increase over revised budgets 1981-82 %	Increase in average domestic rate bill in 1982-83 %
GLC	592	42 6	42.8
Forest Heath	1.7	27.3	8.2
Corby	2.9	25.0	9.1
Berwick-upon-Tweed	1.0	24.9	22.2
Cannock Chase	3.3	24.9	16.9
Gedling	3.6	24.0	28.1
Nottingham	17.2	21.9	33.4
Newbury	4.3	21.5	31.5
Newark	3.5	21.4	33.5
S. Northamptonshire	1.5	21.4	13.5
Wansdyke	2.8	13.5	−38.8
Kingston upon Hull	15.5	8.3	46.5
Glandford	2.6	6.4	44.6
Cleethorpes	3.5	−6.6	43.1
Boothferry	2.6	2.9	43.6
Woodspring	6.8	8.6	40.8
Luton	5.2	−0.5	38.6
Chesterfield	3.5	−4.3	26.4
High Peak	3.3	−3.6	30.0
Blaby	1.9	2.9	30.4
Charnwood	4.1	2.6	33.2
Rutland	0.9	1.6	30.4
Wakefield	89.1	2.6	22.9
Sunderland	91.0	1.3	22.5
Sefton	81.2	5.9	27.9
Knowsley	63.9	6.6	27.9
Richmond	46.1	1.8	28.3
Merton	51.9	3.6	23.0
Greenwich	40.1	2.7	22.2
City of London	34.9	5.9	31.8
Lambeth	73.4	5.5	−2.9
North Norfolk	3.6	−13.2	14.1
Braintree	3.0	−13.0	16.2
Tamworth	1.9	−11.5	19.8
S. Shropshire	1.1	−10.1	9.2
Alnwick	0.8	−9.7	23.2
Poole	3.6	−7.2	12.9
Peterborough	6.1	−6.8	−0.3
Basingstoke	4.1	−6.5	14
Kennet	1.8	−6.5	12.8

Information technology centre opens

By Lisa Wood

UP TO 50 young unemployed people a year will be able to learn computing and electronic skills at the Camden, London, Information Technology Centre, which was formally opened yesterday.

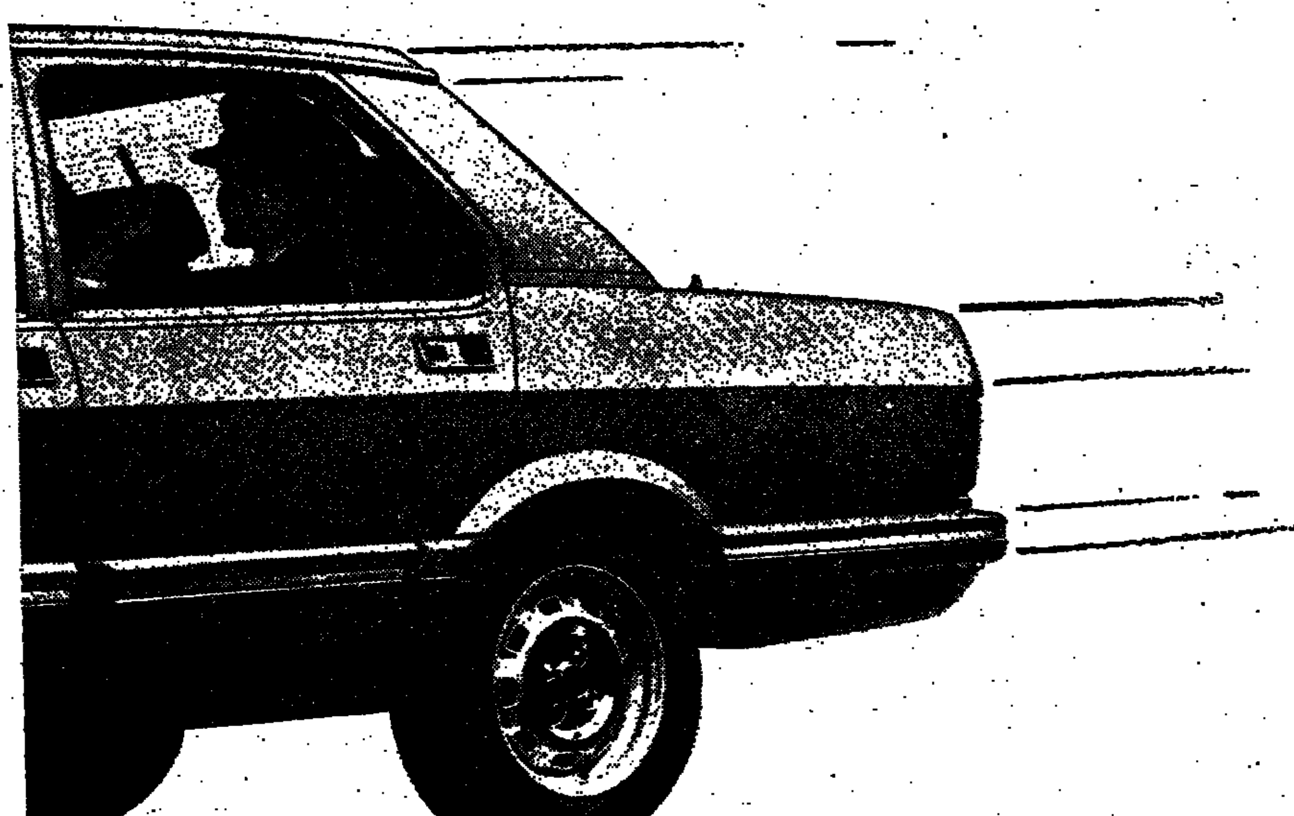
The centre is among the first 10 to be opened in Britain since the initiative was announced by the Government last year. A further 20 are in the pipeline.

Cable Wireless, Rank Xerox, Camden Council and Project Fullemploy are four of the centre's sponsors. The two companies, for example, have provided £24,000 of the £208,500 annual costs of the centre as well as equipment and part-time staff from industry.

Camden Council which has provided premises for the centre, said yesterday that the trainees could take part on one-year courses in computer programming, word processing, computer maintenance and installation and other electronic skills.

Say hello to the new Fiat two-litre.

Introduce your chauffeur to back-seat driving.



We have long been famous for building cars that are enjoyable to drive.

The new two litre Fiat Argenta is no exception.

It offers a combination of smoothness and spriteliness that you won't want to waste on the chauffeur.

One reason is the responsive 113 bhp twin overhead camshaft engine.

Another is the precise five speed gearbox. (A three speed automatic is available as an option.)

The Argenta will nip up to 60 in 11.6 seconds and has a top speed of 105 mph.

Our cars' handling is another feature you will want to experience first hand. The Argenta is a joy to put through corners.

Thanks in part to the low profile P6 tyres and wide sports wheels.

Mind you, the chauffeur need not feel left out. The back seat is an ideal spot to appreciate the opulence of the new Fiat Argenta.

The classic Italian lines, the fine velour upholstery, the thick carpeting that lies underfoot.

But the rear seat is no place to fully appreciate our car's level of equipment.

Power assisted steering on an adjustable steering column, electrically operated front windows, central locking and metallic paint. They are all standard equipment.

No matter where you sit, you can't fail to wonder at the cost of our new car.

It has a retail price of just £6,345.

A figure that includes one year's free motoring membership of the RAC. And a six year anti-corrosion warranty.

In addition, according to no less an authority than Her Majesty's Government, it will return 36.7 mpg at a constant 56 mph.

Argenta is Italian for silver, but clearly this new Fiat is worth its weight in gold.

The new Argenta £6,345.

Fiat Auto. The best selling cars in Europe. FIAT

PRICES AND SPECIFICATIONS CORRECT AT TIME OF GOING TO PRESS AND INCLUDE FRONT SEAT BELTS, CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA. PERFORMANCE FIGURES SOURCE FIAT SpA. THE CRYLA-GARD ANTI-CORROSION WARRANTY COVERS ALL MAJOR PARTS, AND IS SUBJECT TO ANNUAL INSPECTION BY THE DEALER, PAID FOR BY THE OWNER. ARGENTA FUEL CONSUMPTION (MANUAL VERSION): URBAN CYCLE 22.1 MPG (12.8 LITRES/100 KM.), CONSTANT 56 MPH 36.7 MPG (7.7 LITRES/100 KM.), CONSTANT 75 MPH 28.0 MPG (10.1 LITRES/100 KM.). FOR FURTHER DETAILS CONTACT CHRISTOPHER SHELLY, FIAT INFORMATION SERVICE, P.O. BOX 39, WINDSOR, BERKS.

Dundee looks for £39m investment in new industry

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish Development Agency yesterday announced a £39m scheme to encourage high technology industries in Dundee, one of Scotland's main economic problem areas.

The development agency is to contribute £18m to the scheme. Another £5m is to come from the district and regional authorities and the remainder is expected to be contributed by the private sector.

One aim of the project is to generate 1,200 jobs in the next three years and a further 3,500 in the long term. This is intended to help reverse the exodus of trained workers from the city. Dundee has lost 12,000 jobs in the past 10 years, 5,000 of them in the skilled mechanical engineering sector.

The decline of the jute, shipbuilding and food industries has left the city with few industrial replacements. Timex, with 5,000 employees, is the city's main private sector employer.

Plans for Dundee fit into the Scottish Development Agency's overall proposals for Scotland to foster high technology companies in microelectronics, health care and oil production.

A report by consultants Coopers & Lybrand proposed a technology park for Dundee to take over currently viable projects in high technology and bring them into mass production. Research and development projects would make use of the city's university and teaching hospitals.

The Scottish Development Agency is confident, based on its other industrial regeneration plans, that the private sector will come forward with the needed £16m for the city.

Latest estimates by the SDA show that about £9.40 is invested by the private sector for every pound invested by the agency. Elimination of distorting factors reduces the ratio to between 5-1 and 7-1.

Mr Douglas Hardie, deputy chairman of the SDA and a Dundee businessman, said the agency was convinced that Dundee's structural decline could be redressed.

The technology park may be set out along the city's waterfront, one of the areas most in need of assistance. The regional council has identified six parts of Dundee which it calls areas of multiple deprivation.

Industrial decline and labour strife which accompanied it as well as rumblings of local government irregularities have contributed to the city's bad name.

The programme accompanies some second thoughts by the city's Labour council about the fruits—both in terms of publicity and financial return—of Dundee's independent connections with the Palestine Liberation Organisation and the Arab world.

Two years ago, the council decided to twin with the Palestinian town of Nablus on the Israeli-occupied West Bank of the River Jordan.

The decision to twin with Nablus has, in the eyes of some councillors, produced a negative effect on upcoming business, however well meaning the original idea.

Dundee Council recently met in special session to condemn the Israeli invasion of Southern Lebanon and the Mayor of Nablus, Mr Bassam Shakahas, twice visited the city.

Labour officials still feel strongly they must back Nablus and the Palestinian cause but they concede that their Arab card and the hostile reaction it created has done little to encourage investment.

Through the council's PLO connections a meeting was arranged about six months ago with ambassadors or senior consular officials from 14 Arab countries to discuss the city's economic problems. But two years of contact with the Arabs has left the city fathers disappointed about Arab investment prospects in Dundee.

Targets for industry advised by researchers

By Mark Webster

MANUFACTURING INDUSTRY needs to increase investment by 25 per cent to 50 per cent over the next four years to catch up with competitors, according to an EEC-funded report published yesterday. An additional £8bn a year of investment rising to £15bn a year could create about 1.5m jobs, says CES, an urban research centre.

CES, which studied Britain only, says the investment could be paid for by diverting overseas investment funds, cutting non-productive state expenditure, reducing unemployment benefit and urging financial institutions to invest more widely.

The study suggests that only with a massive rise in investment is there any hope of rescuing Britain from economic decline. It calculates that with 11 per cent more investment in the 1970s 1m more jobs would have been created.

Dr Andrew Broadbent, co-director of CES, said the study tried to look at the impact on industry of scrapping obsolete equipment and of the failure to replace this with new machines.

CES estimates that up to one-third of machinery became obsolete in the decade to 1979 and much of this was scrapped. Failure to invest in new technology, however, made industry much more vulnerable to foreign competition.

Each wave of investment and the scrapping of outdated equipment reorganised production geographically. Companies which sought cheap labour for low-level assembly plants in development areas later selected the South-East and smaller rural towns when moving to high technology.

Thatcher disturbed at jobless total

By Ivor Owen

REJECTING renewed calls for changes in the Government's economic policy in the Commons yesterday, the Prime Minister argued that any stimulus to demand was more likely to result in increased imports than the creation of new jobs.

In tones reflecting the mood on both sides of the House, she described the record July unemployment total of 3,190,621 as "very disturbing indeed."

Under pressure from Mr Michael Foot, the Opposition Leader, the Prime Minister left open the possibility of a major debate on the economy being staged before parliament adjourns for the summer recess on Friday week.

Mr Roy Jenkins, leader of the Social Democrats, won approving nods from some Tory backbenchers when he maintained that the time had come for a "Government stimulus in a form which will increase and not reduce business confidence."

The Prime Minister yesterday welcomed Aslef's decision to call off their national rail strike as the first step on the long road back to efficient working practices. "We all welcome the end of the strike," Mrs Thatcher told MPs at Question Time.

She added: "The end of the strike has saved many, many jobs. But it has nevertheless been a very costly and damaging strike from which British Rail and all who work in it will have to make the maximum effort to recover."

He stressed that current policies would not bring down unemployment, for years ahead and bluntly told the Prime Minister that it was not enough to talk about the need for improved competitiveness, in British industry, particularly as this had deteriorated under her Administration.

Mr Jenkins contended that without the right kind of stimulus unemployment would stay around the 3m level for as long as the present Government remained in office.

Mrs Thatcher underlined her determination to hold to existing policy by emphasising that France had recently set out to stimulate demand and had "come a cropper."

She also highlighted the fact that in the six months to the end of the first quarter of this year real domestic demand in Britain had increased by 3 per cent compared with a year earlier. Of that increase only 2 per cent had gone into exports and some 12 per cent into increased imports.

"That does not produce increased jobs in this country," she declared.

Ignoring Labour jeers, Mrs Thatcher insisted that unemployment was an international problem. The numbers out of work were rising faster in other countries including Canada, the Netherlands, Belgium and Germany, than in Britain.

Labour denounces Fowler plan for NHS peace

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A THREE-POINT proposal to persuade the Health Service unions to call off their industrial action was put forward in the Commons last night by Mr Norman Fowler, the Social Services Secretary.

Speaking in a noisy and acrimonious emergency debate on the three-day national strike in the health service, he appealed to the unions. "In the name of good sense and common humanity, bring this pointless and damaging industrial action to an end," he said.

But his proposals were met with cries of "Useless" from the Labour benches. Mr Reg Race (Lab, Wood Green), who is sponsored by the National Union of Public Employees and who initiated the debate, said that everybody on the Labour benches fully supported the industrial action without equivocation.

Mrs Gwyneth Dunwoody, Labour's shadow Health Minister, refrained, however, from giving a similar undertaking on behalf of the party even though she was challenged to do so by Mr Fowler.

She accused the Secretary of State of creating confrontation in the NHS and declared: "He is a disgrace to his great office and he should resign."

The main plank in Mr Fowler's proposal was an offer to talk about new arrangements for settling the pay of ancillary workers. Until now the offer of a new method of pay assessment has been limited to the nurses.

Now, he said, he was prepared to extend it to other NHS workers and to start talks on it immediately. He knew here were groups other than nurses who wanted such arrangements and it was important to get down to talks with the unions about it.

His second point was that progress should be made urgently on the new permanent pay machinery for nurses and midwaves. The Government was anxious to make progress on this and many nurses saw it as a vital and long overdue step.

Reg Race: unequivocal support for strikers

Thirdly, he wanted the unions to resume negotiations in the Whitley Council on the basis of the improved pay offer which had been put forward. Once again he emphasised: "These offers are final and they are also fair and reasonable. There is £400m on the table. The time has surely come for negotiations on its distribution.

"I understand the aspirations of those who work in the Health Service. But I don't believe that industrial action which only affects the patients will ever bring these aspirations into effect. I believe we should talk on the agenda I have set out. Each day of industrial action is putting lives at risk."

The Government had offered 6 to 7½ per cent but the Health Service unions had not moved "one jot" from their 12 per cent claim. He believed that not one person in a hundred among the public would be prepared to support the kind of claim now being put forward by the unions.

There were frequent shouting matches across the floor of the chamber when Mr Fowler listed instances where, he said, patients had suffered over the past few weeks.

"What is the major cause of that suffering?" he asked. "You, you," Labour MPs chorused. "It's your fault."

Mr Fowler said that at St Thomas's Hospital in London 2,000 operations had been cancelled, 1,800 out-patient appointments put off and 250 beds closed. Waiting lists were getting longer and cancer, heart and orthopaedic patients were being told they would have to wait for operations.

One Birmingham hospital was working one third below normal and there were empty wards. In Cambridge elderly patients were forced to lie on paper sheets in great discomfort.

"That is the reality of industrial action and that is what the Opposition is supporting," he aleged. But this brought chants of "resign, resign" from the Labour benches.

Mrs Dunwoody said that Mr Fowler had only quoted instances where he thought political capital could be made and he had exacerbated an already delicate situation. In the Cabinet he had failed to obtain the support of his colleagues for a pay award that would keep pace with inflation.

"The Government has not sought to push the health workers to the conference table but out of the door and on to the picket lines," she argued.

Mrs Dunwoody claimed that he had depicted them as "greedy ingrates" and he had used the dispute as an excuse to cut back NHS resources.

Mr Race accused the Government of making the situation worse and of trying to divide and rule by making a slightly higher pay offer to the nurses. But this had fallen "flat on its face."

According to Mr Race the hospital unions had been driven into taking industrial action and he hold Mr Fowler: "Your words about the NHS workers in the dispute really are a disgrace to this House."

A Labour attempt to condemn the Government's handling of the NHS stoppage was defeated by 53 votes (250-303).

'Despicable' bomb attacks condemned

By Ivor Owen

CONDEMNATION of the renewed IRA bomb attacks on London was coupled in the Commons yesterday with warnings that they could mark the beginning of a new terrorist offensive extending over several weeks.

Mr Roy Hattersley, Labour's shadow Home Secretary, stressed the need for the greatest possible vigilance "throughout the summer."

"I fear the nation must prepare itself for further such enormities," he said.

Mr William Whitelaw, the Home Secretary, who promised that every effort would be made to bring the perpetrators of these "despicable attacks" to justice agreed that vigilance was crucial.

The Prime Minister said the whole House had been shocked by the bombings.

Reflecting the mood in all parts of the Chamber, she deplored "these callous and cowardly crimes being committed by evil and brutal men who nothing of democracy."

Mrs Thatcher promised: "We will not rest until they are brought to justice."

Mr Michael Foot, the Labour leader, maintained that in a democratic country like Britain there could be no justification for such pitiless violence."

MPs were united, too, in insisting that the IRA terrorists must not be allowed to bomb their way to a political victory.

Mr Whitelaw summed up the mod by declaring: "There can be no doubt about the utter determination of this House to stand against attacks of this sort."

Such resolve, he said, was one of the most effective contributions MPs could make to defeating the perpetrators of the outrages inflicted on London earlier in the day.

Mr Hattersley said that bombs planted in public streets and under holiday bandstands were "indiscriminate, as well as loathsome outrages."

He emphasised: "We are absolutely determined that such murderous mayhem will not succeed."

Mr Enoch Powell urged the Home Secretary to give particular attention to the "double pattern of these almost simultaneous outrages."

He recalled that the murder of Lord Mountbatten had taken place at the same time as 18 soldiers were murdered at Warren Point.

Mr Powell declared: "This is evidence, not merely of deliberate and expert preparation, but also of calculated political purpose."

Mr Roy Jenkins, leader of the Social Democrats, endorsed the Home Secretary's determination that Britain should never give way "to these murderous threats."

In a personal tribute to Mr Whitelaw, he expressed his confidence in "Your ability in very difficult circumstances to provide us with the best possible protection."

The Home Secretary declined to comment on whether the security services had been able to give advance warning of the likelihood of renewed bombing attacks on London by the IRA.

Mr David Winnick (Lab Walsall North) urged that steps should be taken to ensure that the public in the United States was made fully aware of the "foul, cowardly murders" committed by the IRA.

The Irish Americans, he said, should appreciate that such crimes had nothing to do with trying to unite Ireland by persuasion and consent.

Mr Whitelaw said he hoped that many MPs and others would seek to get that message across. But he feared that some Americans were totally deaf to obvious facts that they ought to hear.

Plastics industry closures and job losses predicted

BY SUE CAMERON

A GLOOMY warning that further job losses and plant closures in the UK petrochemicals and plastics industry were "inevitable" came yesterday from the Chemical Industries Association.

The association's latest economies bulletin reveals that, over the last four years, the weighted average UK sale price of the five main raw materials for plastic has dropped by 22 per cent in real terms—excluding inflation. Yet over the same period, the cost of oil-based naphtha, the main raw material for plastics, has shot up by 53 per cent.

"The need to improve the industry's price/cost ratio remains paramount," the association says. "Nowhere is this need greater than in the petrochemicals and plastics sector . . . hence the current spate of plant closure and rationalisation announcements on the continent and, especially, in the UK.

"These indicate a new determination by the sector to reduce its colossal losses and the burdensome level of overcapacity. But, in order to produce a lasting solution to this sector's problems, further similar measures are viewed as inevitable."

The bulletin shows that employment in the UK chemical industry as a whole has remained at 382,000 for the past three months. But it says the figure is nearly 5 per cent lower than in the equivalent period last year, and adds ominously: "In the coming months, the downward trend is expected to continue."

Output of heavy chemicals fell again in April, after slight improvement in March. Production for the whole industry, during the first four months of 1982, was 1 per cent lower than the 1981 average and 10 per cent lower than the level achieved in 1979.

Tesco campaign boosts market share to 13.9%

By David Churchill, Consumer Affairs Correspondent

TESCO'S new price-cutting campaign has achieved its initial target of boosting the supermarket chain's market share, according to confidential figures now circulating in the grocery trade.

The figures for packaged grocery market shares for the four weeks ending June 19—a month after Tesco launched its campaign—show that Tesco's market share rose to 13.9 per cent from 13 per cent the month before.

This increase has restored most of the slippage in Tesco's market share that occurred earlier this year and which prompted the new price offensive. But it does little more than restore the group's average share for 1981 of 13.7 per cent.

Tesco's gains have been made at the expense of most other supermarket chains, especially the smaller store groups. The effect on J. Sainsbury has been only marginal, cutting its market share from 15.6 per cent to 15.2 per cent. However, this is still significantly higher than the Sainsbury average for last year of 13.5 per cent.

The key question facing Tesco is whether is price-cutting campaign will continue to be effective and restore the market leadership it lost to Sainsbury earlier this year.

Ulster disqualification to stay

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE GOVERNMENT yesterday turned its back on attempts to change a law which, by excluding a leading Ulster nationalist politician from the proposed new Northern Ireland assembly, threatens to wreck the latest attempt at devolution.

Lord Hylton (Con) proposed the repeal of the 1975 Northern Ireland Assembly Disqualification Act, which bars members of the Irish Parliament from standing for election to the assembly.

The issue has become a test case for the Social Democratic and Labour Party whose deputy leader, Mr Seamus Mallon, was appointed earlier this year to a seat in the Irish Senate by Mr Charles Haughey, the Irish Prime Minister.

Lord Hylton's proposal, supported by Lord Longford (Lab) was tabled as an amendment to the Northern Ireland (Devolution) Bill, now in its Committee Stage in the Lords. But he withdrew the amendment in the face of strong Government opposition.

Lord Gowrie, Minister of State at the Northern Ireland Office, said that Mr Mallon would have to choose between the Irish Senate and the new assembly.

Lord Gowrie: dashed nationalist hopes

In clarifying the law as it stands, Lord Gowrie further dashed the hopes of the Northern Ireland nationalists on two points:

● Mr James Prior, the Secretary of State, would not be able to waive the disqualification under powers of discretion afforded him by the 1973 Northern Ireland Assembly Act,

● The disqualification would prevent Mr Mallon, not only from taking a seat in the assembly, but also from contesting the elections

Lord Gowrie conceded that the law, as it stands, contains many discrepancies and anomalies and is in need of reform. He indicated that this would not begin until after the House of Commons completed its current review of the whole matter of disqualification.

The SDLP, whose support is crucial if the assembly is to achieve the cross-community support required for a transfer of power, is due to decide next month whether to contest the elections, due to be held on October 20. Though the Government would almost certainly proceed with the elections without them, Ministers concede that an SDLP boycott would virtually rule out any chance of devolving power to the new assembly.

Ministers do not rule out the possibility of subsequent changes in the law if the SDLP can bring sufficient public pressure to bear on the Government, but insist nothing can be done before the election.

Cornwall's offshore energy search brings a boost but no bonanza

FINANCIAL TIMES REPORTER

OFFSHORE ENERGY exploration in the Western Approaches is currently at its busiest since activity began there late in 1978.

British Gas and Chevron Petroleum are both drilling in the area and they will be joined within the next two or three weeks by Placid Oil (United Kingdom).

It will be the first time three companies have drilled there simultaneously, and all have selected Falmouth Docks as their supply base. Falmouth has won six of a possible seven such contracts since the British National Oil Corporation pioneered exploration off Cornwall.

BNOC was quickly followed by British Petroleum, which chose Southampton as its base. Further activity was then delayed until last summer when Phillips Petroleum arrived.

BNOC returned earlier this year and recently completed another two-hole programme.

Murphy Petroleum and Monsanto are also expected to drill in the Western Approaches later this year or early next. Murphy already has casing stored at the Falmouth Docks oil exploration base.

Such work offers no immediate potential for new employment: but it does confirm Falmouth's status as the premier south-west port for the offshore industry, and also augurs well for its long-term prospects if exploration is followed by production.

The current level of activity, largely due to increased rig availability, has resulted in work for around 35 people at the Falmouth base, which has a permanent staff of five. But they are all taken from the existing workforce at the ship-repair yard owned by British Shipbuilders.

Without firmer indications of long-term prospects in the area—no oil or gas has yet been discovered—there will be no permanent additions to the supply base manpower.

With its present facilities, the Falmouth base is capable of supporting five drilling programmes simultaneously. It offers deep water at all states of the tide, fully-equipped wharves, storage on a sheltered and secure site, and 24-hour servicing and manning.

The base has 2,500 yards of wharfage with 26 feet alongside at dead low water. Open storage space totals eight acres and there are a further three acres adjacent to berths suitable for pipe storage, plus about 15,000 square feet of covered storage. The base also boasts its own helicopter landing pad.

Elsewhere in Cornwall, increased offshore activity has led to greater use of Penzance Heliport and Newquay Airport together with limited spin-off for a number of offshore-related companies.

But the consensus of opinion remains that offshore activity, at least in the exploration stage, will provide only a small boost for Cornwall's economy and will cause minimal environmental disturbance.

British Gas platform order

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation has awarded two contracts, worth a total of £20m, to Scottish companies for the construction of a gas drilling platform.

McDermott Scotland of Ardesier is to build the platform sub-structure—in essence, the legs—while Kestrel Marine of Dundee will fabricate the deck structure.

The platform is to be installed in British Gas's Morecambe Field in the Irish Sea off Blackpool. The platform will form part of a £1bn development project. It is due for delivery in early 1984.

British Gas, like other offshore operators, have been under government pressure to place orders with UK suppliers whenever possible.

The offshore industry has undertaken to provide the UK industry—now suffering from a dearth of contracts—with a "full and fair" opportunity to bid for all orders.

The British Gas deal is in sharp contrast to the £4.5m order placed last week with a Swedish contractor by the British National Oil Corporation.

BNOC received a government reprimand for allowing the order to go overseas, even though British companies had failed to match the Swedish bid.

Autumn talks on teaching of languages

THE GOVERNMENT accepted yesterday that some schools were cutting back on teaching modern languages. But Dr Rhodes Boyson, Under-Secretary for Education, told the Commons that his department would be consulting those interested in the problem in the autumn.

He said at Question Time that foreign language teaching had been declining in Britain for at least 10 to 15 years. There was evidence that some schools were reducing provision.

The Minister added: "The language teaching problem in this country is very serious."

Dr Boyson was replying to Mr Stan Newens (Lab Harlow) who had called for a statement on the impact of falling rolls on language teaching.

Mr Alan Beith, (Lib Berwick on Tweed) urged Dr Boyson to set up a "special initiative" including the provision of extra staff to make the teaching of "these very important languages" possible.

Dr Boyson said he thought the structure of language teaching was wrong. He pointed out that out of 85 per cent of secondary pupils who started French only one-third were still studying it in their fourth year.

British films quota to end

CINEMAS will no longer have to show a certain percentage of British films after the end of this year, Mr Iain Sproat, Under Secretary for Trade announced yesterday.

In a Commons written reply he said quota requirements provided for by the Films Act 1960 were no longer necessary. By bringing forward an order under the Films Act 1980, to suspend the requirements from January 1, the industry would be relieved of a "formidable and unnecessary administrative burden."

Until now, exhibitors obliged to show a certain percentage of British or Community films have had to keep records and make returns.

Warning shot for the Spanish

BY OUR POLITICAL CORRESPONDENT

TO CHEERS from both sides of the Commons, the Prime Minister yesterday served public notice on Spain that until it opens its frontier with Gibraltar, Britain will bar Spanish entry into the European Common Market.

Mrs Thatcher declared: "It is inconceivable that there should ever be a closed border between the territories of two members of the Community. "Spain cannot come into the Community unless the border is fully opened."

Mrs Thatcher also made it clear that the Government intends to take action to help sustain the economy of Gibraltar when the Royal Navy ceases to use the dockyard facilities there.

She confirmed that, for a start, the dockyard might be given some of the repair work arising from the Falklands operation.

Mrs Thatcher told MPs that the Government was also considering whether a commercial dockyard operation could be establishe in Gibraltar. If so, the Government would be prepared to ask parliament to approve the transfer of any surplus dockyard lands which might be required.

Foot presses for early security inquiries

ANY SECURITY issues that arise from charges against a former employee at Britain's intelligence communications centre in Cheltenham would be referred to the Security Commission, the Prime Minister told the Commons yesterday.

Mrs Thatcher was making a short, low key statement on security relating to charges against Geoffrey Prime. He was charged on July 15 with an offence under Section 1 of the Official Secrets Act. She said that any charge under that section was "serious and must give rise to concern."

On whether anyone else was likely to be charged in the same connection, Mrs Thatcher said: "Absolute certainty is never possible in these matters." If evidence against other people were to emerge, it would be referred to the Director of Public Prosecutions, who, after consulting the Attorney General, would consider whether to bring charges.

Mrs Thatcher made it quite plain that until trial proceedings were finished she could not make any statement or answer questions in the Prime case or any related matters.

Mr Michael Foot, Leader of the Opposition, said he understood the Prime Minister's difficulties but added that it would not have been satisfactory for the Commons to have had no statement. This was especially "in light of apparent efforts of Government services at the weekend to make it very clear there were very serious issues involved."

Mr Foot said that many headlines in the papers on Friday and Saturday could be attributed to what the Government had suggested. He urged that inquiries under the Security Commission should be started as early as possible.

Mrs Thatcher told him that she was not responsible for what newspaper headlines said, but she added: "Any charge under Section 1 is serious."

Prime joined the staff of Government communications headquarters in 1968 after service in the RAF. He resigned in September 1977. He had not been employed in the public service since then, she told MPs.

Mr Foot then asked: "Will you make an inquiry into the suggestions made in the newspapers from your own Government officers? I think you will find that what I have said on this is correct."

Mrs Thatcher replied that she believed her own office would have been as careful as she would have been on this matter.

The Speaker, Mr George Thomas, tried to halt further questions by reminding the Commons that the Prime Minister had said there was nothing more she could say about the matter at present.

Mr Leo Abse (Lab, Pontypool) complained that this was the second day that MPs had been prevented from asking questions on a matter of security and had had their rights "severely limited."

Mr Alan Beith (Lib, Berwick) was then allowed by the Speaker to question the Prime Minister on the statement. "Can you say whether you are satisfied whether an adequate response has been made to the proposal of the Security Commission relating to information on computers?" he asked.

Mrs Thatcher said the commission had recommended that a committee be set up to study the safety of information on computers. "I am anxious that it should have some of the most expert opinion available."

Later, in a Commons written reply to two Labour MPs, the Prime Minister said new arrangements for computer security in Government departments were being prepared. A continuous review of security problems would be carried out by a committee, set up following the recommendations of the Security Commission.

Mr Donald Anderson (Swansea East) and Mr Arthur Davidson (Accrington) had asked whether in the light of the "disquiet" expressed by the Security Commission about the security of the storage and retrieval of classified information, Mrs Thatcher was satisfied with arrangements to prevent penetration by hostile intelligence services.

Public servants can still strike despite Bill, says Thatcher

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE PRIME MINISTER has told TUC leaders that the Government's Employment Bill will not preclude public service workers from taking industrial action in defence of their pay and conditions or of their jobs.

In an unpublished letter to Mr Len Murray, TUC general secretary, which will be considered by today's meeting of the TUC's employment policy and organisation committee, Mrs Thatcher states clearly that such action would be lawful.

Central and local government unions in particular were concerned at the provisions of what is now Clause 17 of the Bill, following the amendments to it tabled in the House of Lords, which redraw the legal definition of a trade dispute.

Previously, for a dispute to attract legal immunity, it had to be "in connection with" terms and conditions of employment. The Employment Bill alters this to "wholly or mainly" about such issues.

Public service unions felt that the implication of this was to leave virtually any industrial action they might mount open to the interpretation that it was political, because of the nature of the employer of their members.

In her reply to a letter on the Bill sent to her last month by Mr Murray, Mrs Thatcher says she has no knowledge of any evidence to support such claims.

She says: "If, after the Bill becomes law, public service workers were to have a dispute with their employer about pay, conditions, jobs, etc.—indeed all the normal subjects of a trade dispute—it would be a lawful trade dispute, as it would always have been."

Mrs Thatcher is forthright about the TUC's continuing campaign against the Bill. Regretting the campaign, she says that every opinion poll has shown that the Bill is welcomed by the "vast majority" of the population "and indeed by most trade unionists."

The Prime Minister says bluntly that the TUC's criticisms of the Bill "are indeed based on a misunderstanding of the Bill's intentions and effects."

She rejects outright the idea that there is any evidence for the TUC's view that many employers are opposed to the Bill, and states firmly that the Bill does not deny to workers rights which have been theirs for decades, but in fact extends workers' rights.

Remploy claims progress in staff consultation

BY NICK GARNETT, NORTHERN CORRESPONDENT

REMPLOY, the state-backed company which is Britain's largest employer of disabled people, claimed yesterday to have made significant improvements in its labour relations by developing consultation and information procedures for its workforce.

The changes follow a report by the Cranfield School of Business Management which pointed to participation as an area of weakness in the company, which employs a total of 10,500 (8,700 of them disabled) on 92 sites.

Up two two years ago, the company was persistently affected by disputes, including strikes, over a range of issues. A scheme to switch production between plants resulted in a march of employees and union officials to the House of Commons.

Remploy had virtually no proper consultation system three years ago and was characterised by a rather inward looking management. More effective joint consultation councils have since been introduced at each plant together with notice board fact sheets and a stronger health and safety committee.

This year, for the first time, the company asked representatives of the workforce to attend the annual business conference of two of its groups, leather and textiles and packaging and assembly. The representatives were drawn mainly from shop stewards of the 12 unions in the company.

Labour Party faces action over pay

By John Lloyd, Labour Editor

THE CASH crisis which has prompted the Labour Party to offer zero pay increases to its full-time staff is now likely to result in industrial action.

The party's management has consistently refused to increase its offer—which is coupled with a freeze on all recruitment—because of the party's £500,000 deficit, and pressure from the unions to make economies

However, the staff unions—of which the dominant is the Transport and General Workers' Union—say senior party officers will be awarded an 11 per cent increase for this year. This increase is due under a long-term agreement.

The staff achieved comparability with the TUC's staff following industrial action in 1979. They were given a substantial rise last year to bring them up to TUC levels.

A resolution at today's meeting of the 120 staff calls for the immediate imposition of a ban on overtime, flexible working (referred to ironically by the staff as "flexible rostering") an dout of hours working.

It also calls for the withdrawal of labour "as appropriate" and for a work-in at the Labour Party's headquarters in South London, excluding the senior officers. The staff union representatives are confident that the resolution will be carried.

Today's meeting is also likely to approve in principle a call for an all-out strike if the offer is not improved. The staff say they are prepared to discuss economies in the party's administration but they are angered by what they term arbitrary cuts and by the increase for senior management.

The mooted action places Labour Party managers in a difficult position, especially at a time when the party has strongly supported the health workers' campaign

Leaders of unions affiliated to the Labour Party, who have recently pledged a £2m-£3m cash injection to the party, have made it clear that they regard the pay levels throughout its organisation as out of line with those paid to union officials.

Civil Service union to review poll system

BY PHILIP BASSETT, LABOUR CORRESPONDENT

ELECTION PROCEDURES in Britain's largest Civil Service union, the Civil and Public Services Association, are to be reviewed following a legal challenge to this year's presidential elections in the union, which saw the victory of a tough left-winger.

CPSA right-wingers are seeking a re-run of the presidential election, which was won by Mr Kevin Roddy, a supporter of the Labour Party's Militant Tendency.

After serving a writ on the union last week, the case was briefly heard in the High Court yesterday, but with the agreement of both sides it was adjourned until Tuesday or some time next week:

Mr Alistair Graham, CPSA general secretary, referring to the recent spate of elections in the union, says in an internal union circular to branches:

"After the experience of the general secretary, deputy general secretary and 1982 national elections it would be my aim to review the current procedures to see if they can be improved to eliminate any weaknesses that have arisen in recent elections."

Mr Graham's comments are attached to copies of the unpublished report into the union's recent elections for its executive committee, compiled by Mr Stuart Crowhurst, the CPSA's returning officer and chartered accountant.

The report, which is being circulated to branches, is a crucial part of the evidence to be considered in the present court case.

Mr Crowhurst concludes that "neither the results of branch enquiries nor the statistics of voting warrant any action so far as the election results are concerned, and that the faults which have arisen are inherent in the present system."

The union uses a "pit-head" style ballot system—reviewed once already this year—which allows individuals to vote, mainly in their offices, before the votes are collated and then centrally recorded.

Kevin Roddy: a supporter of the Militant Tendency

However, Mr Crowhurst's report states that of the union's 220,000 members, "at least 3,000 members were denied the opportunity of having their votes recorded, either by failure to distribute ballot papers or failure to submit the branch summary in time for counting."

The report identifies five branch votes over which objections have been lodged:

- British Telecom headquarters: 2,291 members. Breakdown of distribution of ballot papers admitted. Voting paper not received.
- Gwent Jobcentre: 101 members. Non-distribution of papers admitted. Voting paper not received.
- Paymaster-General's Office, Crawley: 250 members. Possible distribution breakdown admitted. Voting paper received and votes counted.
- Department of Energy: 289 members. Distribution failure in London. Voting paper not received.
- Oxford local vehicle licensing office: Membership total not known. No papers distributed.

As well as these, the report lists another four branches with objections still outstanding.

Mr Crowhurst says the breakdown was "particularly serious" in relation to the BT branch. However, he says: "In a complex voting system covering a very large number of branches which relies on the voluntary services of branch officers, often inexperienced in this type of work, some failures and malfunctions are inevitable.

"If the association has decided that the present system best conforms to its needs then the deficiencies must be accepted to a reasonable degree.

"If this position is unacceptable then the remedy lies in changes in the voting system rather than in a succession of inquiries arising from the failure of branches to carry out a complicated and time-consuming exercise."

In addition, the report gives details of departmental branch voting, which illustrates the poor turnouts common in trade union elections. In the worst examples, the report shows that 48 of the union's 195 Ministry of Defence branches, or almost 25 per cent, did not vote at all, nor did 26 of its 143 Department of Employment branches, or about 18 per cent of the total.

Staff threaten action over Telecom plan

BY DAVID GOODHART, LABOUR STAFF

LEADING BANKS, insurance companies and other financial institutions in the City of London could face a total shutdown of their telephone systems if Government plans to privatise British Telecom go ahead.

The influential broad left group in the 130,000-strong Post Office Engineering Union—the biggest in BT—is urging the executive to call a one-day strike in protest against the Government announcement and to endorse selective action.

But even if the POEU executive does not take a militant line, two of the major Left-wing dominated branches—Liverpool Internal and London City—have already decided to take independent action.

According to Mr Jock Campbell, chairman of the broad Left group, and secretary of the 3,400-strong London City branch, POEU members would refuse to provide routine maintenance facilities at the Stock Exchange and the major banks.

"We'll put the banks out of business in a few weeks if we stop maintaining their equipment," said Mr Campbell.

Local POEU branches are only allowed to take industrial action on local issues but Liverpool Internal (1,131 members) and London City argue that privatisation is bound to lead to job losses which effects local branches.

Mr Phil Holt, secretary of the broad left and secretary of Liverpool Internal, said: "Unless they withdraw the privatisation proposals there is going to be real trouble in communications."

The broad left has a significant minority influence in the POEU and although Mr Phil Holt's claim of 90 per cent of branches backing militant action is an exaggeration, there is certainly strong opposition from many branches.

The union executive is committed by the annual conference to "industrial action if necessary" to stop privatisation. A circular to branches from head office yesterday explained that industrial action would be taken "if there is a real and visible threat to the jobs of our members." The circular added that on the evidence so far, privatisation would involve such a threat.

The national executive of the POEU will meet next week to decide its next step; in the meantime a publicity campaign against privatisation will be launched.

All six unions in BT—representing about 250,000 staff—are opposed to privatisation and most have conference policies of using "industrial action if necessary" to prevent it.

Sealink union officials to meet tomorrow

By Our Labour Staff

A MEETING tomorrow of union officials from all seven Sealink UK ports will decide whether to spread the strike action over pay cuts which continues today at Harwich.

About 480 members of the National Union of Seamen are occupying six Sealink ships at Harwich after they narrowly agreed on Monday to throw out a management plan to cut costs by reducing wages.

The dispute, which has official union backing, began 19 days ago. Sealink has said it wants to cut £1.2m off the annual wages bill on the loss-making Harwich line.

The NUS estimates the average wage cut at 24 per cent but Sealink calculations put it at 12 per cent. Wage cuts have already been acepted at Newhaven, and Sealink has threatened to close Harwich unless the cuts are accepted there.

The ships occupied at Harwich are the St George, a 7,000 tonne passenger and car ferry, the Speedlink Vanguard rail goods ship, two Sea Freightliner container vessels, and two vessels that were taken out of service.

Dock labour force to be cut by 200

FINANCIAL TIMES REPORTER

SOUTHAMPTON'S 1,300 strong dock labour force is to be slimmed by 200 under a special severance scheme which expires at the end of the month.

The remaining dockers are committed under an agreement to work more flexibly to make up for reduced manpower.

The port's state-run operator, the British Transport Docks Board, said that it would only allow severances if more flexible working practices were agreed. The port has recently been plagued by intermittent labour shortages.

Officials expect all the 200 places to be quickly filled. The vast majority will qualify for the £22,500 maximum pay out.

- The 230 dockers on unofficial strike for more than two weeks at Birkenhead over a claim for allowances for transferring to Liverpool, are to meet again again today.

TUC award for youth

The 1982 TUC youth award was won by Miss Carollyn Baikie, not Baker as reported in our early editions yesterday. Miss Baikie works at Collins Publishers, Bishopbriggs.

TECHNOLOGY

EDITED BY ALAN CANE

Leyland foretells shape of trucks to come

Towards the 32 ton, 60 mph, 12 mpg artic

BY JOHN GRIFFITHS

THERE WAS a time, earlier this year, when the main preoccupation of Leyland Trucks with regard to the future was whether or not it had one.

The strikes at its Leyland, Lancashire, and Bathgate, Scotland, plants—in protest at retrenchment and job cuts in the face of a profoundly depressed international truck market—brought its parent BL Board to the brink of a decision to pull down the shutters for good.

The situation is still not bright. The strikes cost Leyland market share which it has still not recovered. The heavier T45 trucks, the range on which its survival depends, are doing well.

But its EA and FG trucks were dropped, and the mid-weight Boxer T45 will not appear until the end of the year. A replacement for the Terrier 7-12 tonne truck is not scheduled for another two years.

Despite that, productivity has made considerable strides and other cost-saving measures have made Leyland Trucks a slimmer, fitter vehicle for riding out the depression.

Peter Capon, its managing director, is now cautiously confident that Leyland will emerge from the long restructuring process now taking place in the world truck industry—not as an international major, but as a still significant producer of trucks benefiting from economies of scale achievable through collaborative projects with other manufacturers.

In any event, there is now sufficient confidence within the company for it to have just mounted a seminar giving the Leyland perspective on the shape of trucks to come—and Leyland trucks in particular.

Hitherto, it has tended to be the West German truck industry which has mounted such glossy affairs, with large portfolios of technical papers which have served the twin purposes of showing where truck technology is going—and giving a useful public relations boost to its image.

But Leyland Trucks' own presentation illustrates that it is at least up with the pack in many areas, thanks in no small part to the £30m technical and research centre opened at Leyland less than two years ago. In aerodynamics, it is actually poised to bring a number of innovations into the market ahead of the field.

This, then, is the Leyland view of developments in the main areas of truck technology:

Efficiency

● Aerodynamics: A series of development projects, supported by the Department of Industry, have recently finished at the Motor Industry Research Association. They concentrated on optimising aerodynamic devices covering roof fairings, gap seals between tractor and trailer, side skirts, base cavity, air dams and chassis filler panels. They have demonstrated, says Leyland, that a reduction of drag—which accounts for 60 per cent of power losses at 60mph—of 39 per cent is achievable over current vehicles. This in turn means potential improvements of 20 per cent in fuel consumption at motorway speeds.

● Engines: Despite considerable work elsewhere on gas turbines as an alternative to the diesel, Leyland is convinced that the diesel will remain dominant. It shelved its own gas turbine programme because it concluded that turbines could not achieve part load specific fuel consumption level competitive with the diesel.

In its view, only the next generation of ceramic truck gas turbines will be competitive even with current diesels.

Leyland itself is applying the same advanced materials technology to the diesel, and plumping wholeheartedly for a turbocompound adiabatic unit.

A true adiabatic engine implies no heat loss from the cylinders and consequently very high combustion efficiency. This is not achievable. Leyland is therefore developing a diesel with characteristics going part way towards this goal. Some 22 per cent of generated energy goes into the coolant system, and Leyland is trying to cut this down to 14 per cent, using ceramics to face cylinder head and liners, and ceramic-coated valves and exhaust ports.

But an insulated engine, of itself, does not give a major step forward in thermal efficiency, but must be allied to more effective use of waste exhaust heat, involving turbocompounding.

Leyland acknowledges that, like other manufacturers, it still has a number of practical engineering problems to overcome. "But in the 1990s we expect 30 to 50 per cent more power per litre and fuel economy improved by 18 per cent over today's engines."

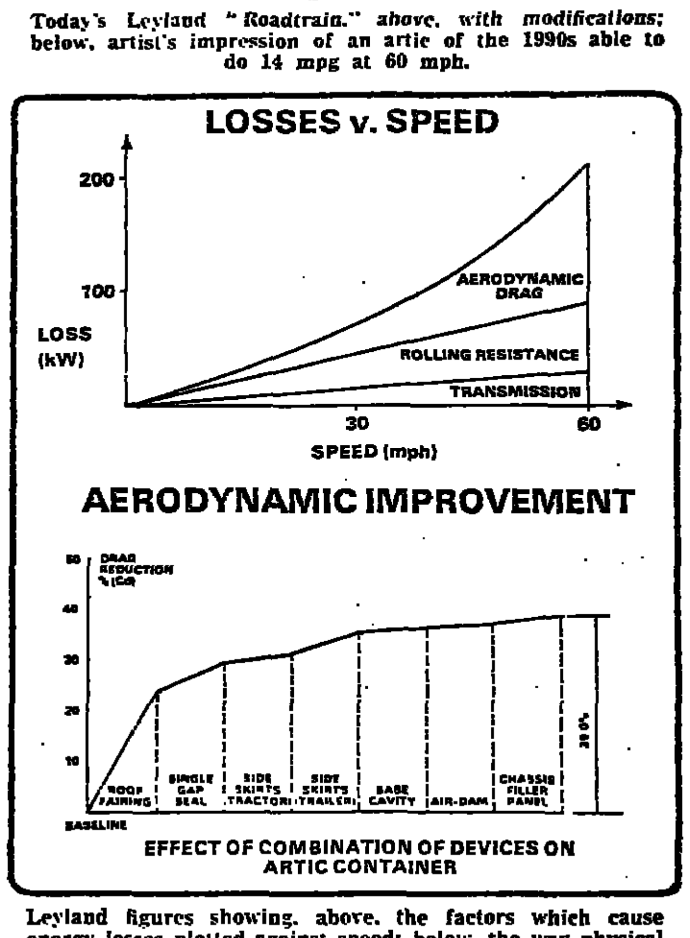
● Drivelines: Leyland is currently experimenting with a constantly variable transmission system for its heavy trucks—most development work has been done on cars—one of which is in use at its technical centre. It will not identify the manufacturer. Tests so far have shown improvements in fuel consumption of between 10 and 38 per cent, dependent on load and usage.

● Weight-saving: It expects weight savings of up to 80 per cent in some key components such as road springs through the use of glass and carbon fibre reinforced plastics and expects other major components, including front axles, to be redesigned in aluminium. This, it says, is just one area in which future trucks will present a challenge to component makers "and our suppliers must also develop new technology if they are to supply components to the specifications we shall be setting for the future."

When all the developments are taken together, Leyland believes that by the end of the decade fuel savings of up to 48 per cent will be possible.

"This would mean that a fully laden 32 ton truck cruising at the maximum legal speed of 60 mph on a motorway will be achieving 12 miles per gallon."

Today's Leyland "Roadtrain," above, with modifications; below, artist's impression of an artic of the 1990s able to do 14 mpg at 60 mph.



Leyland figures showing, above, the factors which cause energy losses plotted against speed; below, the way physical devices can be used to cut drag.

Telecommunications

Mitel unveils its 'smart' exchange

BY GEOFFREY CHARLISH

THE MUCH vaunted SX-2000 combined PABX and data exchange from Canadian company Mitel has been unveiled in London. Known by Mitel as ICS, standing for integrated communications system, the product is to be marketed in the UK by ICL and Norton Telecoms.

Norton, together with British Telecom, will also instal the system and maintenance facilities will be provided by BT.

The SX-2000 can be configured to deal with 150 up to 10,000 internal extensions and the use of proprietary very large scale integrated circuits means that the equipment can perform competitively as a modern stored program PABX or as a sophisticated office communications system.

Any voice connection can be automatically assigned a high speed data connection, without loss of voice traffic abilities.

Use of bubble memory in the machine means, says Mitel, that it can be installed in any office environment without the need for air conditioning, the power consumed being low. It is also claimed to be "significantly smaller" than competitive systems currently available.

Mitel has also announced that access to local area networks based on the European Computer Manufacturers' Association standard recently ratified by 20 companies including ICL will be incorporated into the SX-2000 during 1983. This will provide a high speed dedicated data link to a variety of commercially available peripheral equipment.

Several operating sets will be available, the most advanced of which is the Superset 7, a screen-based unit with detachable keyboard. This combines the abilities of a modern electronic telephone instrument with the convenience of alphanumeric keyboard and display, allowing the transmission and reception of data messages and interfacing with computer equipment.

Based on a 16 bit micro, Superset 7 is connected at high data rates to the SX-2000 by ordinary telephone wiring and can be powered from it if necessary. More on 0291 422644.

Retailing

Guide to POS kit

FOR THE few dozens of large-scale retail operators in Europe, the selection of point-of-sale (POS) electronics equipment is hardly a problem—they all have experienced people on their staff.

But for the medium- and small-sized concerns — which increasingly want to make use of such systems—it is a lot easier to fall prey to the best salesman in the absence of independent advice.

So, Eric W. Foster, who has had experience of large-scale retailing and also of POS equipment, marketing and planning with companies such as ICL, has written a book on the subject, wearing his consultancy hat.

It is called *Selecting an Electronics Point of Sale System* and provides a clear, non-technical guide in 179 pages to what is nowadays a bewildering choice of facilities —although it does not deal with equipment on a company-by-company basis.

The book covers the history of POS, its benefits (about a third of the book), explanations of what the equipment can do, dealing with specs and suppliers and finally implementation and training.

At £79 it may seem rather expensive. However, according to the publishers, Spectra Services (0734 345585), there is as yet nothing else of its kind available.

Power

Supplies monitoring

COMPUTERS and other sophisticated equipment are often upset by variations in the electricity supply.

Eaton-Williams has introduced a microprocessor based instrument for monitoring the voltage and frequency of the electrical supply to such equipment.

It is designed to operate on one or three phase electricity supplies having phase to neutral range between 180 to 280 volts.

Measurements of each phase voltage are taken in both the *transient and steady state*. High and low voltage levels can be set within the instrument which will set off an alarm if these limits are exceeded. More information on 0732 863447.

Security

Containing sea theft

A SIMPLE and inexpensive method to prevent theft from containers aboard ships has been developed by Zim Israel Navigation Company, Haifa.

In the past, the company often had to pay compensation for goods stolen from steel containers, the seals and doors of which were broken open at sea. *The burgled containers were* always those on the outside of the decks, because those on the inside, facing the ship's superstructure, were too tightly stacked against the wall to permit access.

A Zim employee proposed having steel blocks welded to the decks at regular intervals and to have the containers placed with the doors facing these blocks, so that the container could not be opened unless lifted above the level of the block, which is impossible at sea. This innovation effectively stopped all break-ins aboard ship.

GARDENS TODAY

The Dutch connection restored

BY ROBIN LANE FOX

THE English Woman's Garden has had a good run recently, on the radio, in bookshops and in biographies of many of its best known mistresses. This autumn, the men will hit back, in a companion volume of pictures and texts, to be published as The Englishman's Garden.

The title makes me hesitate. The gardens, one hopes, will be gardens, not statements of mood by designers who prefer brushed concrete to garden plants. The men—who knows?—will be men. But are their gardens really English?

Nowadays, the world looks up to English taste for its gardens of flowers. Germans, indeed, still equate the Englischer garten with something older, a green park of landscaped trees and Georgian turf. Our farmers have overtaken their idiom.

Membership of Europe has had precisely no effect that I can see on English culture, except for assisting the ruin of *the English landscape*. Encouraged by subsidies and *forced into specialisation*, English arable farming has now stopped all "nature seeming a garden" and has ploughed up our "Englischer garten" to bring it into line with central Europe's prairies. The Forestry Commission, meanwhile, has turned its hillsides into swathes of coniferous Black Forest.

For the ideal of an English garden, you now have to look behind high walls and hedges, where neither the farmers nor foresters can get at you. There, our best style joins a formality of plan to an informal profusion of flowers and leaves, the new "jardin Anglais" which has taken over 20th-century taste.

Is it really English? Its history and origins are probably now beyond recovery, though books on the late Victorian masters try to tie it down to a few big names. Nobody is allowed to forget Miss Jekyll, whether or not they can pronounce her name, and most keen gardeners would cite her and William Robinson as the founders of modern gardening.

I suppose that there is a longer continuity behind it all, and although these big names deserve their fame, the style of other, lesser gardens would take the Englishman's Garden far further back, at least—dare I say it?—to the point where a part of it came from Holland. Next year, perhaps, we will have a third book to round off the publishers' battle of the sexes: Daring Dutch in the Garden might remind us how much we all owe a gardening debt to Europe.

Meanwhile, you might think *of taking yourself and your* visitors to one of the great acts of rescue among England's gardens, the restored design of *Westbury Court, off the* Severn in South Gloucestershire. Miraculously, it has been brought back to life by the National Trust. Here, as nowhere else, you can see what Europe gave to England.

Westbury nowadays is not a vast garden. *Its main design is* enclosed by a fine brick wall and flanked by two irrestibly elegant 17th-century garden houses. In 1964, the place was a wreck and a jungle. Helped by grants from Holland, the public, and the Historic Buildings Council, the National Trust was able to accept the Gloucestershire *Council's offer of the* garden's site.

Like me, *perhaps*, you have been meaning to visit its progress, *but you have been* postponing the trip until your route lay nearby. By waiting, you have profited. Slowly, the yards of yew hedging and planting have begun to mature. There is still scope for artistry in Westbury's formal parterres and beds, but the garden is now much more than a skeleton.

Visiting it last week, I saw how the Dutch connection might tie up with the style of modern English gardens behind the intervening years of a few grand parks and urban bedding out.

Westbury appeals to me, too, *as the creation of an owner who* could surely have bought the late 17th-century's version of today's FT. He even bore the FT name of Maynard Colchester. True, he also founded the Society for the Propagation of Christian Knowledge. But he laid up treasure on earth by marrying the daughter of the Lord Mayor of London. He spent the proceeds not on his house, but on a fashionable garden of enclosed green hedges and formal water canals.

I doubt if the nearest thing to the *FT of his day* had a gardening correspondent, let alone two. *If it had*, he might have planted more adventurously. *Instead, he left* a detailed account of his garden's finances *and paid for an engraved* view of his garden by the ubiquitous Kip, *whose picture showed* the long formal alleys of trees and hedges and the *neat design* of narrow, parallel strips of water.

For years, *Kip's engraved* view was disbelieved and explained as Colchester's dream for the future, not his full *achievement on Westbury's soil*. The study of the account book has *changed that opinion*, for the accounts and the picture *match quite neatly*. At Westbury, as elsewhere, Kip's views of formal gardens can no longer be dismissed as obvious fancy.

The court was Dutch and Colchester's contacts extended to Amsterdam. Not every English gardener or diplomat in Holland succumbed at home to the formal Dutch style, but several did, and Westbury now recalls their design.

The National Trust have copied the likely formality of the garden's permanent bones. Wisely, they have planted its walls and enclosures with plants of the 1960s, adding some well-chosen old fashioned roses to a small gazebo garden whose other varieties go right back to Colchester's own period. The walls support apples on trees bred by 1700.

Old pinks, annuals, herbs and auriculas close the view down the long canals and their line of holly and yew. Nearly 4,000 yews were originally planted from Colchester's finances. The garden had that formality of plan and scope for informal planting which is now the English style.

In France, the vistas were grander and the gardens not so enclosed. From Holland came the more intimate formality of water canals and evergreen vistas focused on topiary, plants in tubs and borders of flowers.

Twenty years ago, Westbury *was lost to us and Dutch* fashions and influence were *guessed and debated. Did late* Victorian gardeners see other *small plans surviving or revived* from Europe's formal manner? *The early work of Miss Jekyll* and the architect Lutyens made *explicit use of just these Dutch* features of design. Behind the *English couple's gardens, there* may lie some far from English *missing links*.

FT COMMERCIAL LAW REPORTS

Intervenor costs in Mareva cases

FIDELITY INTERNATIONAL BANK v INTERNATIONAL FINANCE EXCHANGE CORPORATION

Queen's Bench Division (Commercial Court): Mr Justice Parker: July 6 1982

A PLAINTIFF who resorts to a Mareva injunction must pay all reasonable costs of an innocent third party who successfully applies to vary the injunction; but the burden is on the intervenor to establish that the costs were not unreasonable in amount and were not unreasonably incurred.

Mr Justice Parker so held when deciding the basis of taxation of costs of intervenors who successfully applied to vary Mareva injunctions in actions by Fidelity International Bank against International Finance and Exchange Corporation, and by Project Development Co Ltd SA against KMK Securities Ltd and others.

Order 62 rule 29 of the Rules of the Supreme Court provides: "(1) On the taxation of a solicitor's bill to his own client . . . all costs shall be allowed except in so far as they are of an unreasonable amount or have been unreasonably incurred. (2) . . . all costs . . . shall . . . be conclusively presumed to have been reasonably incurred and . . . to have been reasonable in amount. (3) . . . any costs which are of an unusual nature . . . shall . . . be presumed, until the contrary is shown, to have been reasonably incurred."

Rule 32 (2) provides: "On a taxation in relation to . . . rule 29 . . . costs may at the discretion of the taxing master be . . . (b) of an amount higher than that prescribed by the . . . scale [in Appendix A]."

* * *

HIS LORDSHIP said that the judgment dealt only with costs of successful applications by intervening third parties to vary Mareva injunctions so that they should not affect assets in their hands.

It was an essential aspect of the court's *jurisdiction to grant* Mareva injunctions that the position *of innocent third parties* should be protected. There was *as yet no decision as to the basis* on which a successful third party should have his costs after arguing the matter.

*

At page 521 of the Supreme Court Practice there appeared *the following*: ". . . if any person . . . who is notified of a Mareva injunction . . . is put to any expense in regard to it, that expense must be paid by the plaintiff. . . . Presumably such a person . . . may be entitled to have his costs taxed on a solicitor and own client basis or at least on the common fund basis."

That paragraph cited no authority for the observation that costs might be awarded on *solicitor and own client basis, or* at least on the common fund basis.

In the present case the intervenors succeeded in their applications and applied for their costs on a solicitor and own client basis. The plaintiffs contended that costs should be on a party and party basis.

Neither submission was right. The solicitor and own client basis, applied in full under RSC Order 62 Rule 29(1), might expose plaintiffs to the payment of extravagant costs.

The party and party basis required that only such costs as were necessary and proper for the attainment of justice should be allowed. That might result *in costs which were reasonably* incurred and reasonable in amount being disallowed on the ground that they were unnecessary.

If an innocent third party was affected by a Mareva injunction and successfully applied to the court for variation of the order, he ought to have all costs incurred *so long as they were* not unreasonable in amount or unreasonably incurred. A plaintiff who resorted to the draconian *remedy of a Mareva injunction* should expect to pay such costs. *Justice required it.*

The party and party basis was rejected. The choice lay between a common fund basis and the *indemnity basis as explained by* Sir Robert Megarry, Vice-Chancellor, in *EMI Records Limited v Ian Cameron Wallace Limited (March 15, 1982)* or possibly by a special variation of one or other bases of taxation.

The common fund basis was more generous than the party and party basis, and covered a reasonable amount in respect of all costs reasonably incurred. On the face of it, that would appear to give the innocent third party everything to which he was entitled. But taxation on a common fund basis, if no special direction was made, left the taxing master fettered by the scale of costs in Appendix 2 to rule 29, and resulted in a comparatively small uplift over the party and party basis.

*

The indemnity basis, as explained by the Vice-Chancellor, resulted in the application of rule 29(1), but without the presumptions included in sub-rules (2) and (3). On the wording of those provisions, the only difference between the common fund basis and solicitor and own client basis, was that in a common fund taxation it was for the successful party to establish reasonableness, whereas on the *solicitor and client basis* the reverse applied. In practice, the position was different in that on the common fund basis taxation was done under the constraint of Appendix 2.

While the successful third party and intervenor should be allowed all his reasonable costs, *it was right that he should have* to establish, as he did on the common fund basis, the reasonableness of the costs for which he was contending.

There were two ways of *achieving that. One was to direct* that costs be taxed on a solicitor and own client basis, with a special direction that notwithstanding rule 29 (1), the burden of establishing reasonableness should be on the third party. The other was to order costs on a common fund basis, with a direction to the taxing master to exercise his discretion under *rule 32 (2)*. The effect of such a direction was to remove the restriction which would otherwise apply under Appendix 2.

The only satisfactory course was the former. If taxation was *on a common fund basis, with a* direction to the taxing master to exercise his discretion, the decision as to the extent of the discretion would be left to the taxing master; whereas if the special provision were attached to an indemnity basis order, then the desirable result would be achieved.

That would result in a plaintiff *having to pay* to the intervenor all costs which would be allowed under rule 29 (1) with the qualification that, despite the wording of the rule, it would be for the intervenor to establish that the costs were not unreasonable in amount and had not been unreasonably incurred.

His Lordship would make his order for costs on that basis.

For Fidelity: Peregrin Simon (Coward Chance).

For Project: Mark Potter, QC (Berwin Leighton).

For the intervenors: Roger Toulson (Simmons and Simmons).

By Rachel Davies
Barrister

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 12.30 pm News After Noon. 1.35 King Rollo. 1.40-1.50 Bric-a-Brac. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Joey and Redhawk. 5.05 Newsround. 5.15 The Monkees.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 The Wednesday Film: "Who's Been Sleeping In My Bed," starring Dean Martin.
8.30 Now Get Out Of That: Two teams try without equipment to walk a Burma bridge then cross a dyke without getting wet.
9.00 Party Political Broadcast by the Labour Party.
9.10 News.
9.35 Task Force South: The Battle for the *Falklands* (series of eight programmes, part 1: Opening shots).
10.05 The Royal International Horse Show
11.08 News Headlines.
11.10 The 20th Century Remembered: second of *four programmes* in which Lord Home reflects on 50 *years of political life.*

Tonight's Choice

Now that the flags have stopped waving the questions are beginning to be asked. There are a great many more pages of the Falklands saga to be written yet. Tonight BBC 1 starts its series **Task Force South: The Battle for the Falklands** when we will be able to see all those pictures of which we were starved while the battles were taking place. Tonight, however, the programme remains largely home-based as it reveals the early days. It reminds us all how something which started seemingly as a silly argument *over some scrap* metal dealers into the full scale war.

Intriguingly enough it is just this sort of situation, but nearly *30 years ago, that* **The 20th Century Remembered** (BBC 2) examines with the aid of Lord Home. The former Prime Minister *looks at Eden's handling of the Suez crisis.*

If you need some light relief in preparation for that lot then *ITV offers the Drifters in* **The Big Top Variety Show**. The Drifters were among the first of a new wave of American black groups *offering tuneful songs* with a *strong beat along* with a highly disciplined stage presentation.

With *careful planning it should not be difficult to miss the* Party Political Broadcasts (tonight it's the Labour Party). Just remember that News at Ten *starts ten minutes late.*

ARTHUR SANDLES

BBC 2

6.40-7.55 am Open University.
10.05 Gharbar.
10.30-10.55 Play School.
12.30-1.20 pm Open University.
†5.40 Laurel and Hardy in "Oliver The Eighth."
6.05 Yesterday's Witness in America.
6.55 Six Fifty-five Special.
7.25 News Summary.
7.30 Spine Chillers.
7.40 The Travel Show.
8.10 The Man Alive Debate.
9.00 Butterflies.
9.30 Cloud Howe.
10.35 Party Political Broadcast by the Labour Party.
10.45-11.35 Newsnight.

LONDON

9.30 am Cartoon. 9.40 Jet *Stream*. *10.30* "The Horrible Honchos," starring Kim Richards. 11.10 *Struggle Beneath The Sea*. 11.35 Freetime. 12.00 We'll Tell *You a Story*. 12.10 pm The Return of the Hermes. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News. 1.30 Women of Today. 2.00 After Noon Plus presented by Mavis Nicholson. 2.45 Beyond Westworld. 3.45 Three Little Words. 4.15 Dr Snuggles. 4.20 Storybook International. 4.45 Andy Robson. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News with Colin Baker and Rita Carter.
6.25 Help!: Community action with Viv Taylor Gee.
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Big Top Variety Show.
9.00 Something In Disguise.
10.00 Party Political Broadcast by the *Labour* Party.
10.10 News.
10.40 "Wholly Moses!" starring Dudley Moore, Laraine Newman and James Coco.
12.35 am Close: Sit Up and Listen.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
9.35 am Cartoon Time. 9.45 International Darts. 10.10 "Ivanhoe," starring Robert Taylor and Elizabeth Taylor. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 2.45 Welcome Back Kotter. 3.15 World Worth Keeping. 5.15 Private Benjamin. 6.00 About Anglia. 12.35 am Pilgrim to the Holy Land.

BORDER
9.30 am "The Million Pound Note," starring Gregory Peck and Jan Griffiths. 11.00 Sesame Street. 1.20 pm Border News. 2.45 Charlie's Angels. 5.15 Survival. 6.00 Lookaround Wednesday. 12.27 am News Summary.

CENTRAL
10.00 am Johnny's Animal Opera. 10.25 The Adventures of Niko. †10.50 Hopalong Cassidy. 1.20 pm Central News. 2.45 *Palmerstown*. *5.15 Diff'rent* Strokes. 6.00 Crossroads. 6.25 Central News.

GRAMPIAN
9.40 am First Thing. 9.45 Sesame Street. 10.40 Call It Macaroni. 11.05 Thunderbirds. *11.55 The Adventures of* Parsley. 1.20 pm North News. 2.45 The Last of Summer. 5.15 Mr Merlin. 6.00 Summer at Six. 12.35 am North Headlines.

GRANADA
9.30 am Wednesday Matinee: "The Million Pound Note," starring Gregory Peck. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Winners and Losers. 2.30 Putting on the Style. 2.45 *Palmerstown*. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports.

HTV
9.50 am 3-2-1 Contact. 10.20 Beachcombers. 10.45 The Extraordinary People Show. 11.10 The World We Live In. 11.35 Superstar *Profile*. 1.20 pm HTV News. 2.45 To the Wild Country. 4.15 Ask *Oscar!* 5.15 Staying Alive with Eddie McGee. 6.00 HTV News. 10.38 HTV News.

HTV Cymru/Wales—As HTV West except: 11.10-11.35 am Vicky the Viking. 12.00-12.10 pm Ty Bach Twt. 4.15 Here's Boomer. 4.45-5.15 Llygad Barcud. 6.00 Y *Dydd*. *6.15-6.35 Report Wales*.

SCOTTISH
10.00 am Wild, Wild World of Animals. †10.25 Summer Matinee: "*Busman's Honeymoon*," *starring* Robert Montgomery, Constance Cummings and Googie Withers. 1.20 pm Scottish *News*. 2.45 *Love* Boat. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 *Scotland Today*. 6.30 *Talking* Scots. 12.35 am Late Call.

TSW
9.35 am Sesame Street. 10.35 Documentary. 11.25 Rocket Robin Hood. 11.50 Sally and Jake. 1.20 pm TSW News Headlines. 2.45 Skin Deep. 5.15 *Gus Honeybun's Magic Birthdays*. 5.20 Crossroads. 6.00 Today South-West. 6.30 Televiews. 6.40 Sportsweek. 10.42 TSW Late News. 12.35 am Postscript. 12.40 South-West Weather.

TVS
9.35 am Fangface. 10.00 Survival. 10.25 240 Robert. 11.15 European Folk Tales. 11.30 Falcon Island. 1.20 pm TVS News. 2.45 Trapper John. 5.15 Watch This Space . . . Good News of *the Week*. *5.30 Coast to Coast*. 6.00 Coast to Coast (continued). 12.35 am Company.

TYNE TEES
9.20 am The *Good Word*. *9.25* North-East News. 9.30 The History Makers. 9.55 European Folk Tales. 10.10 Cities. 11.00 Survival. 11.25 Stingray. 11.50 Mumbly. 1.20 pm North-East News. *1.25 Where the Jobs Are*. 2.45 The Ante Room. 5.15 Private Benjamin. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North-East News. 12.35 am Learning From Others.

YORKSHIRE
9.30 am Sesame Street. *10.30* Jason of Star Command. 10.55 Paint Along With Nancy. 11.20 Rocket Robin Hood. 11.40 We Call Them Killers. 11.55 Captain Nemo. 1.20 pm Calendar News. *2.45 Charlie's Angels*. *5.15 Private* Benjamin. 6.00 Calendar News (Emley Moor and Belmont editions).

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1
5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 Mike Read. 12.30 pm *Newsbeat*. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). *10.00 Jimmy Young* (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Alan Dell with Dance *Band Days*. *8.30 Among Your Souvenirs* (S). 9.15 John Fox (S). 9.55 Sports Desk. 10.00 Tom Mennard tells Local Tales. 10.15 Wall Street Crash. 10.30 Hubert Gregg says Thanks for the *Memory*, *and* at 11.02 *Sports Desk*. 11.05 Gillian Reynolds presents Round Midnight (stereo from midnight). 1.00 am *Encore* (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: *Smetana* (S). 10.00 BBC Scottish Symphony Orchestra (S). 11.30 Allegri/Robles Ensemble, part 1 (S). 12.00 Jean Francaix (S). 12.20 pm Allegri/Robles Ensemble, part 2 (S). 1.00 *News*. 1.05 Summer Season (S). 2.00 What the Critics Said. 2.50 Percy Aldridge Grainger (S). 3.30 Toscanini conducts Beethoven. *4.00 Choral Evensong* (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Haydn concert (S). 7.00 Let the Peoples Sing (S). 7.30 Proms '82, from the Royal Albert Hall, *London, part 1: Liszt* (S). 8.00 Six Continents. 8.20 Proms '82, part 2: Mahler (S). 9.50 A Century of Poetry. 10.15 Romantic *Piano* Trios (S). 11.05 Draw On Sweet Night (S). 11.15-11.18 News.

RADIO 4
6.00 am News Briefing. 6.10 *Farming* Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, *travel*. 9.00 News. 9.05 Midweek: Clare Francis (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's *Dozen* (S). *12.00 News*. 12.02 pm You and Yours. 12.27 A Small Town In Germany, by John le Carre. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 After*noon Theatre* (S). 3.47 *Time For* Verse. 4.00 News. 4.02 The Poles—What Kind of Revolutionaries? 4.10 File on 4. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The *Archers*. *7.20 Checkpoint*. *7.45 Animal* Language (S). 8.15 Antony Hopkins: Talking about music (S). 8.45 El Greco: Edwin Mullins reappraises the 16th-century Spanish painter. 9.05 Profile: *Alasdair Milne—a profile of the BBC's* new Director General. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. *10.30 England, Their England*, by A. G. MacDonald, adapted in six episodes. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

TULSA FLYER, the winner a *year ago of Sandown's Playboy* Stakes, returns to the Esher *course today in a bid to land* this popular evening fixture's *Trident Bookmakers Handicap*. The Paul Cole colt has just four *opponents to beat in the 10-*furlong event (formerly known *as the Playboy Bookmakers* Handicap) but, his task is by *no means easy*.

It seems probable that Tulsa *Flyer, although a more than* useful handicapper racing over his favoured fast surface, will find a repeat victory beyond him for he meets Hill's Pageant at a difference of only two pounds.

Hill's Pageant is a much improved Welsh Pageant colt who only lost his maiden tag at Brighton in May. He proved too sharp for Free Press at Windsor last month before completing a hat-trick a fortnight ago with a win on Newmarket's July Course. Sent *there for the £5,000 to the winner* of the Duke of Cambridge *Handicap, Hill's Pageant got the* better of Mill Plantation in a race *dominated by the pair*.

Unless he is now about to *show the effects of a busy spell* which has seen him in action on four occasions since the middle of May, Hill's Pageant will maintain his sequence here.

Thirty five minutes before Hill's Pageant bids to add to those recent successes, his rider, Joe Mercer, will be aboard an equally consistent sort, Chief Speaker, in the Trident Handicap.

This Nonoalco four-year-old was half-length runner-up to *Molon Lave in the* Newbury Spring Cup and should go well *without, perhaps, proving* capable of conceding weight to *that ever-improving* Comedy Star filly Mighty Fly.

Mighty Fly easily beat the well-backed Mahabba in a division of Salisbury's Pembroke Stakes last month and completed a double at Bath on *Thursday*.

The Pulborough debutante *Flying Corps, a bay daughter of* Ack Ack, *is considered one of Harwood's nippier juveniles* and a market move for her in the *Trident Debut Stakes* should not be ignored.

SANDOWN
5.45—Stop Talking
6.15—Flying Corps**
6.50—Mighty Fly***
7.25—Hill's Pageant*
8.00—My Dear Fellow
8.30—Deroulede

How a steel company built a firm foundation on its hidden resources

Nick Garnett reports on Octavius Atkinson's survival strategy

TWO THINGS immediately struck Michael Reffitt when he was appointed managing director of Taylor Woodrow's then loss-making structural steel construction company, Octavius Atkinson.

One was that most of the machines in the plant were positioned in the wrong place. The other was that the directors hardly bothered to go down on to the shopfloor.

That was 12 years ago. Since then, thanks to a new approach to productivity and sales management, the UK's second biggest company in the design, manufacture and erection of structural steelwork has come successfully through two very different stages of development.

Having transformed its losses into profits the company ended the 1970s with what it claimed to be the highest output per man in the industry.

Then, like the rest of the construction industry, Octavius Atkinson was buffeted by shrinking orders and the intense price competition sparked off by the current economic downturn. Such pressures pushed the company into a small loss in 1981.

But after further productivity and slimming exercises, coupled with the steady updating of its machines, it now stands with a full order book, and is projecting a satisfactory profit this year. That marks it out from other companies in a section of the industry where many of its competitors have gone out of business or are clinging on by the skin of their teeth.

Based in the North Yorkshire town of Harrogate, Octavius Atkinson had a turnover last year of about £12m. It is a supplier of the metal bone structure of buildings ranging from school extensions and football stands to the Heysham 2 power station and Esso Chemicals' ethylene plant at Mossmoran.

A third of turnover derives from exports which include support buildings connected to the Dubai Dry Dock scheme, the Sheraton Hotel in Bahrain and a range of chemical plants around the world.

With a capacity of 25,000 tonnes of structural steelwork per year it employs 230 on the shopfloor with a staff of 90 and 45 erectors on various UK sites.

Michael Reffitt: over the past two years the shopfloor workforce has been shrunk by a quarter while output has risen by a third

Octavius Atkinson was an old family business founded in the last century and purchased by Taylor Woodrow in 1968. Much of its problems were deeply rooted in enclosed family management decision-making.

In the first two years of Taylor Woodrow ownership it lost £400,000 a year on a £2m turnover. The board was on the point of closing it down in 1970 when Reffitt, a former Octavius Atkinson employee, was brought in.

"It was a dreaming, drifting organisation with low productivity — a common problem in the industry as a whole," says Reffitt. Yet by 1971 the company had managed to reduce its shopfloor workforce by 100 to 280, but also to step up production from 170 to 270 tonnes a week. It made a £125,000 profit that year, and for most of the rest of the decade it made the best returns on capital of any company in the Taylor Woodrow group.

The shopfloor cutback was associated with significant changes made in four aspects of the company's operations.

First was the mechanism of how the structural steel was actually put together on the shopfloor. "The factory layout was appalling," says Reffitt. "Machines had been fixed in place for a particular contract and then left there, rather than being laid out to meet the demands of the broad cross-section of work."

Output slowed

There were some particularly pointed examples. After a considerable amount of deliberation two steel cutting saws had been positioned against a wall. That resulted in cut steel coming off the saw through a hole in the wall into the open air. The saw operator had to shuffle continuously between the inside and the outside of the factory, dressed in oilskins like a deep sea fisherman when the weather was bad and the freshly cut steel was being rained on.

Another problem was the cranes. Rail trucks, carrying steel from British Steel Corporation plants used to roll right into the factory and the plant's own cranes were utilised to do the offloading. While this was going on they could not be used for what they were originally installed for—moving steel around as part of the production process. As a result output was consistently and daily slowed.

Overall, machines which fed steel onto the next set of machines in the production process were not sited close to each other but were often located in widely separated bays.

Reffitt says repositioning the saws represented a 10-fold improvement in the efficiency of steel cutting. Derricks were constructed on the outside of the building to do the unloading and the working areas were relaid.

No one in management had installed benches; as a result workers used to sit on the floor to mark up drawings. All it needed was the introduction of a trestle and bench system.

Management consultants had been called in in the late 1960s to examine the production process. After this systems were introduced which in Reffitt's view made the position worse.

For example, a "100 per cent rule" had been brought in. The production control system specified that no production process could begin until all the materials needed for the finished product were on site.

While this had worked well in other industries, such as textiles, in Octavius Atkinson it proved an unnecessary drag on the production flow; and Reffitt almost immediately abolished the production control department.

A second general area was the management's whole approach to production. "People were working at the plant by habit," says Reffitt. "The missing link was imagination. No one was looking at what we were doing and saying what we are doing is not efficient.

"There was a major problem of communication in the 1960s. You never saw directors or senior managers on the shopfloor. We are now intimately involved there and we really get full co-operation from the workforce," he says, emphasising the management's general accessibility. "We now have a two-hour meeting every day solely about production. You have to concentrate on production all the time. You can't relax."

As well as all this, the company woke up to the fact that it simply did not do enough market research. When this was carried out it was discovered that 75 per cent of export orders and 70 per cent of overall inquiries came via the London area.

As a result much greater emphasis was placed on the company's sales arm in London and the sales force was strengthened.

Finally the company extended the range of work it could do by offering structural steel for petrochemical plants and colliery installations.

By the middle of the late 1970s; Octavius Atkinson was turning in yearly profits of £600,000 to £750,000.

The recession, however, stacked up another set of hurdles for the company's policy of emphasising employee motivation and production organisation.

The last two years of trauma have claimed more than 20 companies in the structural steel industry and the remainder have been struggling to perfect the art of survival. Vicious competition has forced selling prices to be cut by up to 25 per cent, with companies offering structural steel at £150 a tonne below cost.

Octavius Atkinson's past performance helped it weather the early part of the recession better than most of its competitors but by September 1980 it had only two months work on the stocks.

Reffitt simply had to ask more from the company's management and employees. The manual workforce was again reduced from 280 to 215. When orders eventually returned, in response to the company's cost-cutting and extra sales efforts, output was raised from 330 tonnes per week to 430.

By August of the same year, the plant was back at full capacity with a spread of orders including Heysham, a fertiliser plant and work for Haslemere Estates in London. Over the past two years direct labour costs have been brought down from 23 man hours per tonne to 18 man hours. The shopfloor had been shrunk by almost a quarter but output rose by nearly a third.

Leadership

Reffitt pays great tribute to the workforce. "There was a basic sense of survival and responsibility. It was amazing the hidden resources which were brought out."

The company stresses the role of leadership. "It's a positive attitude of mind that's important," says Reffitt. "Organisation and greater concentration of effort are the keys. If employees have confidence in the leadership they get they will respond. If the plant is organised well, the operative will work well and maybe get some enjoyment out of it. Production weaknesses in the UK stem mainly from inadequate management."

An "inner sense of responsibility" as the company likes to put it was mingled with not a small element of fear among workers worried about losing their jobs.

Apart from the channelling of attitudes in the right direction, the management points to some specific changes within the company in the past two years, ranging from an absence of "fashionable" small labour disputes which tend to interfere with production, to a tightening up in the ordering of paint for completing steel pieces, so that delays in finishing are further minimised.

The company also underlines the significance of flexibility on the shopfloor in handling different types of contracts; the streamlining of work programmes; and a continuation of its policy of bringing new people into middle management.

The industry is still bogged down in intense price competition, and Reffitt believes the company should adopt the view that the really easy money-making years may not come back in a hurry. Meanwhile, Octavius Atkinson's order book is full and its telephones ring every week with requests from some of its competitors for the company to subcontract work to them.

BOARDROOM BALLADS

THE GHOST OF CHAIRMEN PAST

I loitered with a vacant smile
About the boardroom gallery
And contemplated for a while
Departed chairmen eyeing me—
A century of leaders, all
Impaled for ever on the wall.

★

Each beetled and majestic brow,
Sat brooding in its bed of oils,
And seemed anachronistically now
They'd shuffled off their mortal coils;
As if they'd nothing left to say
Of relevance to me today.

★

And mine, I knew, would be the face,
Within a year or two, no doubt,
To occupy the empty space,
When I no longer was about;
But could it really be that mine
Would be the last face in the line?

★

Whereat, to my eternal shame,
The founder, Thomas Binton, Bart.,
Leaned forward from his picture frame
And gave me quite a nasty start;
Suggesting if we sold to Carters
He'd have my rotten guts for garters;

★

And, animated up the room
The other faces, I recall,
Attacked my prophecies of doom
With imprecations from the wall;
And then resumed their former places
Sedately in their normal spaces.

★

My boardroom colleagues never did,
When next we all were congregated,
Know why we voted down the bid
I'd previously advocated;
But Thomas Binton, Bart., I think,
Gave me a reassuring wink.

★

And now I take my daily walk,
At lunch-time, up the boardroom floor,
And have a little private talk
With chairmen who have gone before!
I pray my own successor be
Insane enough to talk to me!

Bertie Ramsbottom

Next week: Western Misalliance

A marriage in personnel

RUNNING a personnel department in times of high unemployment is not easy.

Advertise for a supervisor, say, and there will probably be hundreds of replies. Each respondent has to be sent an application form.

Having scrutinised the replies, letters of regret have to be sent to most of them. Others have to get invitations to attend an interview and then offers have to be sent out to the successful candidates.

For Foster Wheeler Energy, a petrochemical contractor in the UK, this routine was a perpetual headache.

To recruit between 250 and 500 people every year it normally had to process around 12,000 applications. With each applicant receiving an average of three letters, this meant that the personnel department had to write around 36,000 letters a year.

Apart from the enormous volume of paperwork, the main problem was that the work proceeded in waves, so activity inside the department would often be chaotic.

To handle the work the company employed a staff of 25, of whom five were full-time letter-writers.

Today, thanks to the ubiquitous computer, those five letter-writers are carrying out salary surveys, manpower reports and appraisal analysis—all jobs that the department never found time to do before.

Although it is not unusual to see computers in personnel departments, their application is usually directed towards providing data bases for personnel records, salary modelling and manpower planning.

Up to now letter production has generally been a separate function — either by old fashioned typewriter or word processor.

What Foster Wheeler has done is to design some software to link the two. Its system enables the updating of records and the production of letters, including contracts of employment, to be performed as a single operation—and speeds up recruitment administration by a claimed factor of 10.

It also enables a large range of routine enquiries to be dealt with at speed.

Tony Ive, manager, personnel projects, has been responsible for designing the new system on the company's Hewlett Packard 3000 mini-computer. He believes that recruitment is not normally thought of as an obvious candidate for computerisation. "This is surprising, because recruitment is perhaps an area in which the most dramatic advantages can be obtained by computerisation," he says.

Under the system, says Ive, the time taken to send an applicant a letter and update records is less than eight seconds. "The longest operation will, of course, be entering the details of new applicants. It should be possible to put on about 100 new applicants in an hour."

According to Ive, the facility to produce documents such as contracts of employment is an important feature of the system.

Manipulate

He explains that this kind of letter writing is far more advanced than ordinary word processing. "Word processing has to do with re-formatting text. Integrated letter writing involves combining and manipulating data from a variety of different sources with the minimum of operator involvement."

When a company makes someone a job offer, says Ive, it combines the particular letters and clauses which are relevant on a specific occasion with the details of the applicant in such a way as to produce the final document. "In doing this, the system may have to combine and manipulate information from a number of different sources," he says.

To use the system, the operator specifies the letters and clauses to be used. "The system fills out certain details from the data base. In some cases it may have to do such things as take the salary and location from the data base, look up the conditions from that location, find out that certain 'uplifts' need to be applied to salary, perform the arithmetic and insert the answers in the appropriate places in the text."

Ive believes that apart from providing a dramatic increase in speed in return for a reduction in effort, the computerised recruitment system improves the quality of service.

"It eliminates the possibility of inconsistencies arising between what is done and what is recorded—with all the subsequent difficulties this causes—by the simple device of reducing the two activities to a single operation through the provision of integrated letter writing.

"It also makes a data base of information which can be interrogated flexibly and easily. Standard reports can be provided on a regular basis without additional effort, and ad hoc inquiries or applicant searches can be performed as a matter of course."

Arnold Kransdorff

Business courses

Effective Budgeting and Financial Planning, Worthing. July 30. Fee: £143.75. Details from MSS Computer and Business Consultancy, MSS House, 49 Chapel Road, Worthing, West Sussex, BN11 1BJ.

Fitting Research to Turbulent Times, Vienna, August 29-September 2. Fee: SFr 820 non-members, SFr 870 members of the European Society for Opinion and Marketing Research. Details from ESOMAR Central Secretariat, Wamberg 37, 1083 CW Amsterdam, The Netherlands.

Lotteries Management, Maidenhead. August 31-September 3. Fee: £400 (plus VAT). Details from The College of Marketing, Moor Hall, Cookham, Maidenhead, Berkshire, SL6 9QH.

Development of Executives, Bromley. September 5-10. Fee: £550. Details from Sundridge Park Management, Bromley, Kent, BR1 3TP.

THE ARTS

Giulini/Albert Hall, Radio 3

Dominic Gill

Monday's Prom, given by the Philharmonia Orchestra under the baton of Carlo Maria Giulini, was a paradigm of the best kind of Giulini concert: cultivated and refined in every aspect, relaxed and magisterial in its command. It was no small advantage for Maestro Giulini either to have at his direction the orchestra which is, just now, far and away the most rewarding of London's five: warm-toned, fine-tuned, alert, vigorous and responsive.

No matter that the Mozart Linz symphony with which Giulini began his programme lacked, for my taste, a volt or two of its ideal electric charge. It was otherwise so nearly perfect: exquisitely shaped, rounded with a delicate (almost nostalgic) ardour. In the poco *adagio* slow movement especially, he drew from Philharmonia strings (reduced to a band of 36) a marvellous chamber-music sonority of real chamber-musical expressiveness. The finale was full of flickering colour — but gently muted, a tumble of autumnal shades.

The evening's second and last work was Bruckner's seventh symphony. Even those who would not call themselves Brucknerians could not fail to respond to the natural eloquence and flow of this performance.

Quibbles about the odd brass-instrument addition are neither here nor there: nothing in it was overblown, not a gesture inflated beyond its measure—even where, in the slow movement, Giulini would transform Bruckner's *Feierlichkeit* from time to time into a *nobilmente* swell of almost Elgarian proportion.

Whether Bruckner's achievement was thereby made any more substantial is, to non-Brucknerians at least, an open question: and perhaps some, like myself, may find the contemporary analysis of Hugo Wolf still the most pointed. "It is their air of intellectual deficiency," Wolf wrote in the *Wiener Salonblatt* in 1884 (two years, admittedly, before he heard the Seventh), "for all their originality, grandeur, power imagination and invention, which makes Bruckner's symphonies so difficult to grasp. Everywhere a will: colossal preparations, but no artistic solution. Bold, magnificent conceptions are as common to them as are confusion and formlessness . . . I do not hesitate to describe Bruckner's symphonies as the most important symphonic creations to have been written since Beethoven. But they are the works of a floundered genius . . ."

Noemy Belinkaya/Wigmore Hall

David Murray

Of the two recitals offered this month in London by Miss Belinkaya, a Latvian-Israeli pianist, Monday night's looked particularly enterprising. The programme proceeded from gentle Grieg through solid Franck and Liszt to a generous conspectus of Skryabin, mostly short and neglected works from his precocious op 2 Etude to the op 45 Three Pieces, which introduce his hermetic late style. The choice of earlier music suggested that Miss Belinkaya would have suitable equipment for Skryabin; one could not have foreseen the disaster that was to overtake the Skryabin half.

In one of the Lyric Pieces from Grieg's op. 57, Miss Belinkaya at once revealed a musical sensibility apt to the frail, ruminative course of the piece: tenderness with short phrases, canny rubato, a deliberately gentle touch. The same qualities were insufficient to fill out the scale of Franck's *Prelude, Chorale and Fugue*, which sounds grander when steadier, though the contrapuntal climaxes were admirably clear. In Liszt's E major Petrarch Sonnet an expressive right hand had to be weighed against a tight, nervy left, and an odd reluctance to sustain basses. That treatment left Liszt's Spanish Rhapsody very grey—the pianist had the nerve well in hand, but not the power to achieve the virtuoso effects.

She undertook her Skryabin with much feeling and a dangerously fluctuating pulse: the early, hyper-Russian study first, and then—adventurously—three of the Mazurkas (he wrote over 30, and scarcely anybody plays them), and the faintly bombastic Fantasy op 28. Disaster struck in the fine op 37 Preludes. In the second, a brief but *dreadfully hazardous* chord-study, Miss Belinkaya's memory *refused to disgorge anything* beyond the third bar, and she *was compelled to improvise the* rest. With nerve gone, she floundered wildly through op 45 (barely recognisable) and inflicted severe damage upon four of the op 8 Studies. Sensitive pianist, unlucky night.

Fitzwilliam Quartet in York

Martin Dryer

The language of musical authenticity is turning full circle. Sceptical eyebrows no longer greet performances of the baroque or medieval repertory given on period instruments or acceptable copies. Indeed, we take such outings for granted. But over a decade or so, "early" music has shed its antique implications and begun to encompass exact fidelity to contemporay sounds and styles in repertory *less* than two centuries old. Now, for the first time in this country, an established string quartet has courageously, if temporarily, taken up instruments shorn of modern *excrescences—chin* rests, metal strings, taut bows, *long* fingerboards and *so on*—and attempted to recreate *sounds that an* 18th century composer might have had in his mind's ear.

It was an otherwise unexceptionable programme of Haydn and Mozart that the Fitzwilliam Quartet chose for its recital in York Guildhall on Monday evening. But the actual sounds had all the tingling excitement of new music, with all the thrills — and spills — that can imply. The Fitzwilliam's chief challenge was to unlearn *modern* habits, notably in restricting vibrato to purely expressive purposes. So it was no surprise that Haydn's "Lark" quartet, Op 64, No 5, a work that was new to their repertory, best survived the criterion not *merely of intonational accuracy*, often a pitfall on such instruments, but of *sheer beauty*.

Christopher Rowland's violin *soared* through the title theme with the transparent purity of a boy treble confident that an adult soprano would have been out of context. The ensemble grew in resolution, as the work progressed, bringing a Grecian polish to the slow movement's sinuous folds and a *furioso* relish to the finale.

Television

Nigel Andrews

East, west, soap's best

What could do more for East-West cultural détente than the knowledge that the soap-operas and domestic melodramas of the Inscrutable Orient can be every bit as baroquely potty as those of the Scrutable Occident?

This week the theoretically contrasting fortunes of an oil-rich dynasty in Denver and a saki-swigging family in Japan were found to be scarcely contrasting at all. Forth from BBC 2's Globe Theatre whirred Japanese TV's award-winning *A Family*, which addressed itself to the traumatic ups-and-downs and glottal bandinage of a blood-related Tokyo trinity—Mother, Son and Dad — and the surrogate younger son they adopt. He is ex-delinquent with a startling resemblance to a real younger son who is dead in obscure circumstances.

Meanwhile in *Dynasty* Blake Carrington (John Forsyth), iron-haired Satrap of the oil-fields, is having problems with his sexually complicated son-and-heir Stephen, who "swings both ways," and his sexually uncomplicated young wife (Linda Evans) who swings only one way: away from him.

There is no doubt that the aesthetic confines of small-screen drama — its space-husbanding dependence on close-ups and head-and-shoulders framing—create their own boiling-over rebellion in the subject-matter. Put a stylistic lid on warm-blooded humanity and it will mutinously explode into absurdity of content.

The Japanese saucepan contained much simmering non-sequitur, which occasionally spat up and hit you dramaturgically in the eye. Mad Dad, fresh home from an institution and unable to elocute except in guttural moans and cries, is escorted by chatty Mum upstairs to Replacement Son's bedroom where sleeping boy is affectionately "Oohed" over and pummelled and slapped until, not surprisingly, he wakes up screaming. Dad claws him to his bosom gibbering. Mum puts on her widest smile and says, with subtitles: "Look, he's happy to have you home."

They order these things almost identically in Denver, Colorado. There too, human beings sleep soundly in rooms subtly awash with studio light. There too relationships are inched forward in a series of awesome pop-up cataclysms, accompanied by a change in the weather. (Thunder growled at top crisis-moment in both dramas.) There too the "family" is TV miniaturisation's shorthand for mankind in general, just as on the small screen the close-up or sardine-tin two-shot replace the freer groupings and long-shots of big-screen film-making.

The coincidental presentation this week of *Little Eyolf* on

Diana Rigg in 'Little Eyolf'

BBC2 urged one to note that Henrik Ibsen may well be the prime ancestor and mentor of this whole "genre": the what-ever next chamber-drama in which blood is thicker than water and the plot thicker than both.

Deep in coldest Norway Rita and Alfred Allmers (Diana Rigg and Anthony Hopkins) curse the fjords and arraign the heavens over their drowned son. Something too much of this" you may cry as their turning globe creaks with weighty symbolism, hints of incest past, grief deployed as emotional weapon, and peculiar supporting characters. (Including Peggy Ashcroft as "The Rat Wife": "Have you got anything that gnaws and nibbles?" . . . " she Ashcroft-swoops in plangent vowels).

But with Ibsen there is the difference that it is all aimed squarely between the eyes of the human condition, not, like *Dynasty* and *A Family*, at some Halloween-mask approximation thereof. *Little Eyolf* is about the loneliness that steals up on a long marriage, and the never-stilled emotional seesaw between the need to belong and the need to be free.

Michael Darlow directed with racked austerity, on wooden boards amid fjord-streaked backcloths, and had the magnificent nerve to stage the long last duologue between Rita and Alfred as a kind of numbed and sightless catechism, each looking away from the other into the far far distance. Rigg and Hopkins, dredging up both voice and feeling deep from the diaphragm, made one grieve for their too infrequent sorties into classic drama.

Other plays during the week seemed no more than trampolines on which to bounce their lustrous performers' mannerisms. Michael Gambon flexed his lovable slow-wit act—none better —in Maugham's *The Breadwinner*, and in *Escape To The West* Leonard Rossiter and Joss Ackland hid behind, respectively, a Cockney and a Russian accent. But Rossiter can never wholly camouflage his immortal slack-jawed ingratiation, nor Ackland his glittering avuncular eye and melted-chocolate voice. And who would want them to?

No wonder television has spawned a whole cottage industry of impersonators, parodists, mickey-takers, lampoonists. The small screen is unrivalled for catching human tics and idiosyncrasies on the wing and pinning them into immortality. Far from trivialising the medium, the fascination with these behavioural minutiae often pinpoints TV's primal strength, especially in the non-fiction arena: its *ability to home* in on the nuts and bolts of an individual's responses, facial and vocal, helping thereby to *discredit or to endorse* his promotional self-image.

Who could believe Richard M. Nixon in all the jowl-wagging vocal sonority of his Watergate days, when nervous *moisture glinted on the upper* lip and the eyes skulked *anxiously* under half-mast eye-lids? Television is the customs officer of political self-presentation. It won't allow ideological contraband or boot-leg blarney through the green lane.

Who could *dis*believe, on the other hand, that Bernard Levin sometimes gets caught up in the adrenalin-streams of his own interviews. "Oooh" says Levin as his subject expatiates forth. *"Mmmmh:" "Ahaah!:" "Yesss!"* Jon Vickers, David Hockney, Peter Brook and others have all run the gauntlet of Levin B.'s dotty *lingua franca* interpositions, conceived by sonic parthenogenesis between nose and throat, and last week it was the turn of Oxford English Dictionary lexicographer Robert Burchfield.

Will Mr Buchfield, after this interview, find a space in the next OED supplement for two surely indispensable neo-levin*isms*: *"Nnggooerhh! (response* to the revelation that four-letter words thrived in the Middle Ages) and "Ah-haHahaHAH-Yes!" (response to a revelation entirely lost in the backwash of Levin's reaction).

Meanwhile the mind fondly muses on what would surely be the television interview of the century: Bernard Levin with, or possibly versus, Frankie Howerd. "Mmmmh! . . . ." "Oooghh . . . ." "Yesss . . . ," "Noghh . . . ," "Listen," "D'You mihhnd . . . ," "Ahaah! . . . ." "Tsoghhh!," "Oh, suit yourself . . . ."

National Theatre Museum to visit Riverside

The National Theatre Museum has accepted an invitation from *Riverside Studios, Hammersmith*, to exhibit the highlights of their collection in the Riverside Gallery from September 9 to October 3.

Although the National Theatre Museum's establishment was agreed in 1971, a permanent home has never been built and this is the first time that a selective overview has been possible.

Shaw double-bill/Regent's Park

Michael Coveney

The leafy Open Air Theatre in Regent's Park has branched out with a pair of Shavian collector's items that make up a thoroughly entertaining evening. Both *The Admirable Bashville* and *The Dark Lady of the Sonnets are imbued with tritely* Shakespearian connotations; and *both deal with the currently* popular pastime of intrusion.

The first is a satirically sentimental version, done into *primitive Elizabethan blank* verse, of Shaw's fourth novel, *Cashel Byron's Profession*. One of the author's most spirited tomfooleries, it is about the pursuit of a stock heroine, Lydia Carew, by a smitten prize-fighter. He comes across her in a sylvan glade of, yes, Regent's Park. *The Dark Lady* was an occasional piece written to pro*pagandise on behalf of* the National Theatre 72 years ago. The setting is a terrace of the Palace at Whitehall, where a vainglorious Bard, laying siege to his Dark Lady, accidentally happens upon the Virgin Queen. He requests of her not a cigarette but a hearing for the cause of *subsidised* art.

The humour of *Dark Lady* is somewhat laboured and *Richard* Digby Day's production as lax as *the Palace security*. But Shakespeare is lent a bumptious vanity by David Whitworth, and Helen Ryan as the Queen compensates for the unavoidably static presentation by colouring her lines and gestures with touches of grandiose detail.

The dressing of the main argument resides in the *idea that* Shakespeare the magpie went around with a *notebook picking* up felicitious phrases of others to stuff in his plays. *Although* Shaw was a great critic of Shakespeare, his schoolboyish delight in belittling him was always one of his *more tiresome* traits.

Much more successful and surprisingly so, is David William's *presentation of Bashville*. The action is splendidly strewn through the audittorium, and the climactic boxing bout in the Islington Agricultural Hall is deftly transposed to an adjacent green. Again, the text is a hotch-potch of Elizabethan quotation, but cleverly set *against a satire of Victorian* stage convention and morality. *Revelations of character*—Byron turns out to be a land-owner *of impeccable pedigree*, and so on—have both a stern Shavian purpose and a flavour of neat absurdity.

Emily Richard and Peter Woodward are outstanding in the lead roles, and there are wonderfully amusing cameos from Berwick Kaler as the *Policeman*, *Oscar James as an* incongruous Zulu chieftain (*what on earth is he doing* in Islington?). Martin Friend as Bob Mellish the Cockney trainer (and chief whip?), and Douglas Hodge as the eponymous flunkey. Inventive designs for both shows are provided by Tim Goodchild.

Scene from 'The Admirable Bashville'

Royal College of Music Appeal

Antony Thorncroft

With Government money for the arts at best set to hold steady in the next few years many *established* arts organisations are looking towards public appeals to *safeguard their* future. The Royal Opera House *was quick off the mark with* its £9m improvement fund, the first *fruits of* which have just been unveiled. It has recently been *followed* by the Royal Academy with a £6m appeal. Also competing for the arts lovers cash is the Royal College of Music which has an initial target of £4m, after which it is hoping to add a further £2m.

The College is celebrating its centenary and needs the money to transform its Victorian building opposite the Royal Albert Hall into something worthy of its 600 students. At the moment you can come *across* trios rehearsing in corridors and duos *in the lift. The main ambition* is to raise just over £2m for a *new opera theatre. The current* cramped and inadequate basement room has no sound proofing and clashes with the main concert hall above it. The new opera theatre will be built, to Sir Hugh Casson's designs, on the back garden, with the garden *re-appearing* at a higher level. The RCM is quite prepared to endow the new hall with the name of a generous benefactor.

Other immediate needs are *for six more rehearsal and* teaching rooms; the combining of two libraries into one, enabling such treasures as *Mozart's manuscript for his* C Minor piano concerto to be more *readily accessible to the public*; improving the catering facilities; and, *of great significance*, increasing by £400,000 the funds available for scholarships, and raising £600,000 to improve accommodation for the students.

The appeal has raised almost £1m in five months with the banks leading the way among the *business supporters*, *one* chipping in £50,000. The Government has given £200,000 on a matching grant basis, and *to date the fund raising* is roughly on target.

After the approach to industry the College is looking to its former students and friends for the next million. Andrew Lloyd-*Webber has promised* half the proceeds of a Broadway charity *preview of Cats to his old college* (which could amount to £30,000), and Sir Georg Solti is conducting a gala concert at the Albert Hall which could raise a matching sum. There will be a musical marathon in the College in October and an auction in 1983. The next target group is overseas supporters.

It is a pity that the Royal College of Music has to compete with so many other worthy arts causes, but it has influential friends and the very fact that its students have accepted for so long with dignified calmness the inconveniences of an out-grown building is perhaps the best advertisement for the cause.

Beowulf/Lyric Hammersmith

Antony Thorncroft

The problem with one man shows is that you are *likely* to be impressed by the ambition and the stamina of the performer at the expense of the *content. Julian Glover* has fixed on *Beowulf* for his *tour de force. It is an understandable* choice.

The earliest non-classical European epic, composed in the 8th century and full of the sound and fury of Norse saga but actually created in England in Anglo Saxon, it tells of the warrior Beowulf coming across the sea to the hall at Heorot to rid the king of the north Danes of the havoc-causing Grendel, and later the revenge seeking Grendel's mother. At the climax Beowulf, by now an old king, fights a last battle with a dragon.

The set pieces are so dramatic that you actually long for the full company treatment by, say, the National Theatre. A few props scattered around the stage—a fleece or two; a sword; a table and chairs—hardly do justice to the heroic events.

Glover, a commanding actor, does his best, raising the tem*perature of his recitation by* throwing in the odd couplet of *Anglo-Saxon. But here* again you start thinking about how Beowulf was first performed, accompanied by the harp around the fire in a great hall.

There is enough of interest in *Beowulf, not least for a modern* audience the references to middle earth and the giving of rings (Tolkien was a great scholar of the work), to sustain the 90 minutes. The lighting is also used to effect. But this simple, stripped down approach ultimately succeeds in showing how much more could be mined from this first English classic.

F.T. CROSSWORD PUZZLE NO. 4,928

ACROSS

1 Bleak to gain points at rugby (6)
4 Author and conspirator in Cheshire (8)
9 Beautiful volley went astray (8)
10 The place for Finnish capitalists (6)
12 Huge wastage in a nationalised industry (8)
13 Strays in the wrong sector (8)
15 Cut a little off to make it neat (4)
16 Like a very cross flea? (7, 3)
19 Exactly what is needed in employment (4, 3, 3)
20 A love of indigo (4)
23 Not long after the winner (8)
25 What a young bird might be doing (8)
27 One member wandered about and got 30 (8)
28 Composer finds little weight in the trading centre (6)
29 Physicist of the naughty nineties (8)
30 More suitable one at the races (6)

DOWN

1 Jaguar strike not official (4-3)
2 New mediswear, cheap gimmicky articles (9)
3 Enjoy spicy food (6)
5 Bordering on a cough (4)
6 Ignore the price reduction (8)
7 Eases relatives (5)
8 Lifted up this doe wriggling (7)
11 Someday developed another breed of dog (7)
14 Against work, sit down initially (7)
17 Friar says he is unable to put it right (9)
18 Be clearly visible but refuse to agree (5, 3)
19 No running water in fairness (7)
21 Not such a heavy boat (7)
22 A blow to one's health (6)
24 Bird not fully dressed? (5)
26 According to one supernatural being (4)

Solution to Puzzle No. 4,927

FINANCIAL TIMES

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By their deeds

THERE IS only one conclusion to be drawn from the appalling bomb attacks in London yesterday. It is that anyone who supports, aids or succours the Provisional IRA in any way is furthering an organisation that has no political aim except destruction.

That should now be clear in Ulster, in the U.S. and perhaps especially in the Irish Republic which is considerably more vulnerable to the IRA threat than the UK.

British policy should — and will—remain one of exposing the terrorists while seeking a political solution.

Nissan should say 'yes'

SENIOR officials from Nissan, the Japanese motor company, are due in London this week to resume discussions about the proposed car manufacturing plant in the UK. This plan was first announced at the beginning of last year and was warmly welcomed by the British Government. Since then there have been lengthy talks about the details of the project, including the terms of government financial support and the balance between European and Japanese components to be used in the UK-built cars. Just why Nissan has taken so long to make a final decision is not clear, but there are reported to be disagreements within the Japanese company about the merits of the plan.

Hesitation

The hesitation is understandable. The outlook for the European motor industry over the next few years is not rosy. With internal demand growing slowly and exports to countries outside Europe increasingly restricted, there is likely to be too much capacity for the available market; although Nissan's UK production would largely displace imports from Japan, it could not be insulated from an unfavourable trading environment.

A new, large-scale car plant in a country well known for difficult labour relations represents a considerable risk for a company whose experience of manufacturing outside Japan is limited. Japanese companies which are already established in the UK have done well, but the Nissan project is of a different order of magnitude.

Efficient

More fundamental is the fact that Nissan has a highly efficient and well-integrated system for producing cars in Japan. If the company can compete profitably and successfully in the European market by shipping built-up cars from Japan, why change a winning formula?

In an ideal world, where the law of comparative advantage held full sway, there would indeed be no good reason for Nissan taking the plunge into European manufacture; if cars can be made more cheaply in Japan, they should be made there, to the benefit of consumers in Europe and elsewhere. But Japanese companies have to live in the real world and here the arguments point in a different direction.

Protectionist sentiment in Europe is strong and getting stronger. The success of Japanese cars is an important factor in the trade friction between Japan and the EEC. Japanese car producers, operating in a home market in which imports play a negligible part, are widely (however unfairly) regarded as not playing by the normal rules. The existence of these feelings is itself a threat to world trade, because they could lead to the isolation of Japan and more restrictions against Japanese exports.

Pressure

One way in which anti-Japanese pressure could be reduced is through direct investment in Europe. The Japanese companies would then be competing under the same conditions as their European rivals and they would be contributing to the creation of jobs. The injection of Japanese technology and management would not only be good for Britain; it would also help to break down the social and cultural barriers between Japan and the West.

The British Government has every reason to encourage Nissan to go ahead; it would be wrong to impose unreasonable conditions about local content in response to lobbying from the domestic industry. But the basic issue is a strategic one which only Nissan can resolve. Shifting production out of Japan will be awkward, but if Japan is to play a full and unhampered role in the world car market, a decision to invest in Britain would be in the interests of both the Japanese and European motor industries.

The wrong way to decentralise

THE CURRENT vogue in favour of decentralisation and passing power down nearer to the people, on the not unreasonable premise that government is too big and powerful to be left to central politicans, curiously seems to produce only one solution: more government, and more politicians and more of the expensive bureaucrats to go with them.

The consensus is that there is too much government and too much of it is concentrated in Westminster (and Whitehall). At both the central and local level government is too remote and is in the hands of people whose calibre often reflects the mean allowances and salaries with which they are rewarded.

The Social Democrats have now had two stabs at trying to find a route away from Westminster. The first, last year, argued for a reform of local government into a single tier with clearly defined functions and as substantial a transfer of powers as possible to a position close to people's daily lives, perhaps even with some council powers devolved to community and tenants' associations. How this was all to be achieved was not explained.

Different

This year the SDP has gone down a very different route. Their Decentralising Government paper is a thesis for discussion rather than a statement of policy. But that is no excuse for shrouding in mist the basic issues. Why does Britain need regional government and what precise powers and functions would regions have and why?

The paper proposes assemblies in Wales and Scotland and up to 13 regions in England with populations ranging from 1.3m (Devon and Cornwall) to 13.6m (London and the South-east). But Britain itself is barely bigger than a region, certainly by U.S. standards. Wales and Scotland have some historical and cultural claim to identity and should be considered separately like Northern Ireland, rather than being confused in the regional issue. England has not been divided regionally—at least not since the Norman conquest—and has no natural regional divisions other than the rival claims to superiority between inhabitants of the North and the South.

Unitary

The SDP is anway not suggesting that there would be either parliamentary or popular support for the end of Britain as a unitary state, with sovereignty on a wide range of functions passing from Parliament to the 13 regional Prime Ministers and their Cabinets. The SDP alternative is a unitary state with no autonomous power in the regions. That means replacing part of the present overblown local authority structure and bureaucracy with yet larger, more unwieldy versions and everything on a grander scale—salaries, buildings, remoteness.

This presents the regions as an extra layer of local government, interposed as a buffer between Westminster and the Town Hall but not improving the manifest faults of either. Financing would include rates, grant and a local income tax which would necessitate splitting tax on incomes three ways to central, regional and local government. The problems of resource equalisation would be immense.

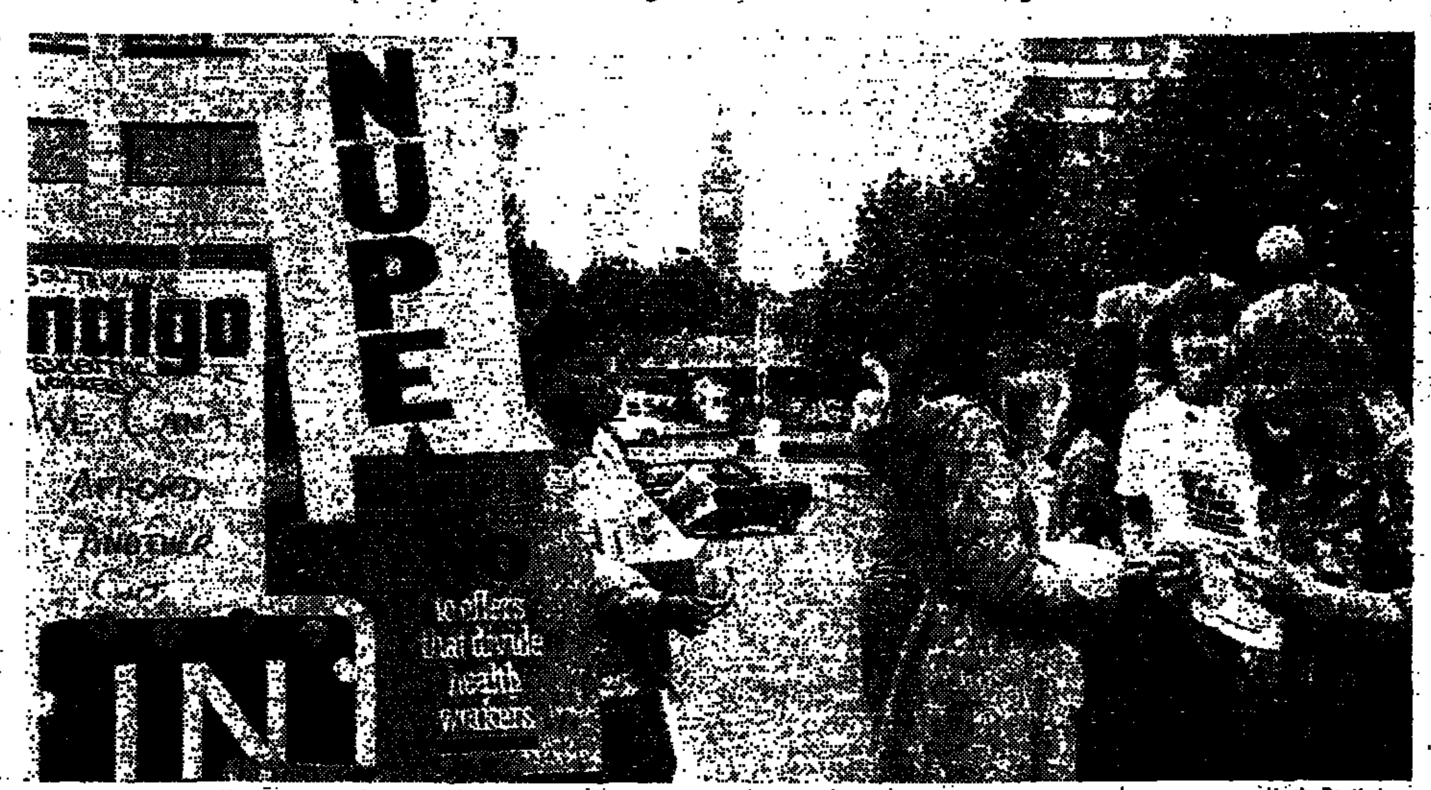
Sensible

There is no doubt that the SDP exercise began full of good intentions, fuelled by the pressing need to find a sensible and coherent way of restructuring both the functions and the financing of local government. But the result makes the same mistake as the insensitive reform of 1974: it forgets to consider what the people involved, the residents of the localities, want. The SDP policy group needs to rethink the issues of both its first and second decentralisation papers jointly, and find a quite different road away from Westminster.

HEALTH WORKERS' DISPUTE

What the TUC has gained

by John Lloyd and Ivo Dawnay



Hugh Routledge

Health Service workers on picket duty outside St Thomas's Hospital, in Lambeth, South London, yesterday

ON MONDAY morning, Mr Len Murray was hauled out of bed and put into a BBC radio car to discuss the TUC's foreclosure on the train drivers. Instead, he talked about the health workers' dispute. The message was: we cannot support Aslef, but we are right behind the health unions.

The TUC's exhausted general secretary knows well what is at stake in the National Health Service action. A number of issues, dear to his heart, run together, creating a much more severe test of the unions' collective will and strength than the more highly publicised rail strikes.

In one sense, Mr Murray and the health union leaders can already claim a limited success. Most obviously—if perhaps least importantly — they have increased the Government's first and "final" offer—of 4 per cent to auxiliaries and 6.4 per cent to nurses—to 6 and 7.5 per cent. That average settlement already exceeds those gained by civil servants, teachers and others in the public sector.

They have—as the Government is forced to concede—won the propaganda battle on low pay. Mr Norman Fowler, the Social Services Secretary, and Mr Kenneth Clarke, the Health Minister, have been parading statistics in TV and radio studios to disprove union claims that ancillaries are among the worst paid workers in the UK; but the pay slips of £50 and £60 net earnings are more powerful images. Dirty jobs for lousy money make a powerfully sympathetic case that is difficult to counter.

There is no question that ancillary workers—some 85 per cent of whom are women—are among the lower paid workers in the UK. A typical (female) ancillary gets a basic gross of £61.83, which would rise to £65.54 on the present offer: she takes home around £50 for a week's work, as the unions claim. A man's average gross earnings—as Mr Fowler has argued—is over £104: though again, the unions say that the large amounts of overtime which make up this average are falling off under reorganisation.

The longer-term problem for the unions, once the hard bargaining starts, is—how low is low pay? The pay is low by the standards of professionals and most skilled workers and supports only a modest standard of living: but is it lower than cleaners and clerical workers in private industry? The Government has claimed it is not—and in a comparability exercise, this would count.

But for the TUC's own purposes, the co-ordination achieved among the health unions is a major achievement. Already it is being held up—as in a joint meeting of its public services and nationalised industries committees last week—as an example to be followed.

This co-ordination was already inherent in the common interest of the unions in pushing together for higher pay, and in the bonds they had created in the health services committee and in their joint production, last year, of a comprehensive report on industrial relations*. It was given a boost by the coming together of most of their settlement dates on April 1, and further explicit encouragement from a resolution from last year's Trades Union Congress urging public sector unions to draw up common claims and prosecute joint action.

They *have* acted, more or less, in concert—though the jealousies and divisions between them, revolving on suspicions of poaching, ideological differences and different policies, have been near to the surface. They *did develop* a common, core claim of 12 per cent, put it to Government together, met Mr Fowler as one, went to the Advisory, Conciliation and Arbitration Service in the same convoy, and agreed—with many a sigh and a snarl—on the same tempo of industrial action. It has worked.

The Government knows it has worked, and claims it has worked against the health unions as well as for them. It believes that the discipline exerted by the committee—which has reached out to, and partially cowed, the important "professional" bodies like the Royal College of Nursing—prevents sensible, under-the-stairs negotiations which could have led to a reasonable settlement.

As for the TUC, it has demonstrated its competence as a co-ordinating force, and greatly underpinned its case to become more involved in sectoral pay bargaining and industrial disputes. The TUC's consistent line that industry-wide committees should attract more power at the expense of individual unions (especially those with members in many sectors), for the benefit of the industry's workers, has been strengthened.

In this sense, health is the antithesis of the railways. The health unions have swallowed their pride and stayed round a table to pursue common aims; they have not, as the rail unions have, allowed political, industrial and personal jealousies to divide them so hopelessly that defeat for one was a victory for the other.

Mr Rodney Bickerstaffe, the young, incoming general secretary of the National Union of Public Employees, puts it thus: "Even if the dispute ends without further movement—and I don't believe it will—we will still retain the bridge we have built at TUC level. This is already seen as of major importance to the TUC as a co-ordinator, and we will build on this in the future."

Less certain, though, is what concrete achievement the health unions can present to their members, as distinct from their officials and the TUC. The Government, buoyed up by victory over the train drivers, has no incentive to give way. There are few indications that the present action is gaining strength or weakening. Such pointers as there are indicate a certain falling away of supportive action from other groups—though it can still hit hard, as stranded ferry passengers found out yesterday. The RCN's ballot on the improved offer due in at the end of August is watched with great interest by both sides.

A longer-term objective is the creation of a new system of pay determination in the health service—a system to which the Government is already committed for nurses and other professional groups, and which it might at least consider for ancillaries if their unions showed an interest.

The TUC has a plan for a new system in the health services committee report. It is a closely argued case for a structure which would depend heavily on a revival of a comparability exercise — scrapped when the present government took office and introduced tight cash limits—controlled by both sides and providing the raw material on which bargaining takes place.

Unsuccessful bargaining could go to a NHS arbitration panel of three—one from each side and an independent—whose award would be binding. The TUC would involve itself in the public expenditure survey review of NHS funding—and the final settlement figure, agreed through collective bargaining, would be fed into cash allocations before they were decided rather than, as now, determined by them.

The plan is not one which will make the present Cabinet's pulses race with excitement—even though it is explicitly geared to making industrial action in the NHS as unlikely as possible without banning it, and though it is linked to a code of conduct (actually in force now) which safeguards accident and emergency care. Yet the plan may not—if it ever gets to the negotiating table—meet with a blanket rejection.

First, the Government is committed to doing something for the nurses and other professionals in the health service. Second, it has the Megaw report on Civil Service pay under consideration, and Mr Fowler has been careful to link the official response to Megaw to future arrangements in the NHS.

Megaw has proposed annual pay adjustments based on current outside pay rates, with a pay information board to provide the data on these rates; the use of "market factors" such as recruitment and retention of staff, job security and pension entitlements; and arbitration on a mutually agreed basis.

For the Civil Service unions representing lower grades, Megaw is much less favourable than the fully fledged comparability exercise they enjoyed under the scrapped Pay Research Unit. For the health unions, with their less developed comparability system long gone, it is a good deal better than nothing, since it holds out the promise of limited comparability and gives the unions a leverage with which to argue for higher pay.

Even if—to use Mr Bickerstaffe's caveat—the unions were "defeated," in the sense that they were forced to settle for the present offer, they have mounted a rational and cohesive case. They have not, of course, been able to escape from the moral vice of taking action which immediately harms the sick—but they can claim to have in place a plan which could obviate the future need for it, and have managed to escape too much publicity over it.

* *Improving Industrial Relations in the Health Service: TUC Health Services Committee; TUC, Great Russell Street, WC1B 3LS; £5.*

A SURPRISING SUCCESS IN THE PUBLIC RELATIONS BATTLE

HEALTH DISPUTES have, over the past decade, become the media image for trade union power—precisely because they represent, or appear to, the most naked clash between the pursuit of union objectives and the public interest. This theme was a major one in Anthony Burgess's novel 1985, and is the centrepiece of Lindsay Anderson's recent film Britannia Hospital, in which militant stewards make common cause with revolutionaries storming the hospital gates.

It is easily forgotten that the Nupe steward, now misleading shorthand for ultraleftism, is a newish creation. Health unions were respectable and deferential organisations until in 1966, the National Board on Prices and Incomes recommended that bonus and incentive schemes be introduced at local level in the NHS, and gave stewards a job to do. Since then, local disputes have become more common and national stoppages more feasible.

In the present dispute, the media have played a muted but crucial role. As Government and unions agree, the Falklands, the rail strike and the Palace scandals have pushed the health workers off the front pages: while the code of conduct, together with the generally pro-union attitudes adopted by many health authorities, have assisted in depriving reporters and cameramen of the more obvious instances of human suffering.

Yet in the daily diary of a health union leader, and of a health minister, is at present largely built round TV and radio appearances.

Nupe's Mr Bickerstaffe saw the inside of four studios on Monday—the first day of the present three-day stoppage—and in between, talked to reporters at least as much as he did to his own officials and members. Mr Albert Spanswick, the health committee chairman and general secretary of the Confederation of Health Service Employees—who received the unlikely accolade of being compared to a Nazi by the Daily Mail early in the dispute has been engaged in an exhausting round of public meetings.

The focus—especially on radio and television—has been on the relative merits of the Government's and the unions' case. The effect on the public must be in the balance, casting doubts on the assumption that the unions are everywhere facing adverse public opinion. Steady argument on low pay has held at bay the Government's charges of criminal irresponsibility, and forced it to take an uncomfortably schizophrenic posture of pointing to the unions' lack of success in pulling out their troops while also blaming the unions for effectively depriving patients of care.

Interestingly, where the train drivers have relied on industrial muscle and largely scorned public relations—and come unstuck—the health unions have learned from the winter of discontent that they had a large marketing job to do, and have done it. Their success has surprised the Government, which has made a memo to itself to do better next time.

Men & Matters

Called to order

British Telecom chairman Sir George Jefferson says he got his first Government job in armaments research because of his understanding of the law of conservation of angular momentum: the principle which governs how fast you can spin without falling over.

That knowledge should stand him in good stead now that a further political thrust has been given to BT's giddy technological and commercial revolutions.

Though at £57,650 a year, the fourth highest paid of the nationalised industry chairmen, Jefferson is perhaps the least well-known figure among them.

He is quiet, pleasant, humorous; at his best in a small group, but on the public platform somewhat uninspiring. Listening to his longer speeches is regarded as an apt punishment for erring managers.

But few industrialists can match his successful experience in working with Whitehall. Apart from his post-war years in the Ministry of Supply, Jefferson's later career with English Electric and the British Aircraft Corporation involved constant liaison with the development fund providers and customers in the Government machine.

He also picked up more than a little political know-how to add to his technical background and commercial instincts from negotiating contracts in countries like Libya and Iran.

Labour's Lord Beswick chose Jefferson as a member of the team in the late 1970s which organised the structure of the nationalised aerospace industry.

He was a member of the National Enterprise Board and it was his arguments for further Government backing for Inmos that impressed Conservative ministers and led to his translation to BT, as it was split from the Post Office.

In the past couple of years, behind sporadic public rows about telephone charges and painting its vans yellow, Jefferson has been quietly and slowly rousing BT from its inertia.

He has chivvied the Government about the inadequacy of its £2bn a year investment, brought a more commercial outlook to its senior management (if not yet down the line) and used the lessons he learned working on the shop-floor as an apprentice to maintain good industrial relations.

Whether he can keep BT balanced as the pace of change increases is the critical question. His reception of the Government's plans was cautious. The BT unions have responded with angry condemnation.

Yet Industry Secretary, Patrick Jenkin accused Jefferson recently of obstruction—and is getting increasingly impatient.

Jefferson has been telling MPs he feels a bit like the captain of an ocean liner who, reaching port after sailing through many a storm, finds they keep moving the jetty where he is supposed to tie up.

Crowning point

Though George III's recurrent insanity led to bouts of jumping into pianos and talking to trees, one of his more costly — as opposed to curious—aberrations was to sign away the Sovereign's property in exchange for housekeeping money.

Since 1760, when a notoriously generous "farmer George" surrendered all the surplus revenues from his land and property to Parliament, the Crown Estate Commissioners have been responsible for managing the extensive estate which was handed over in return for the Civil List.

Prudent management has amply fulfilled the Estate's Parliamentary obligation to enhance its value, to the extent that its net contribution to the Exchequer last year was over three times the amount received by the Royal family from the Government.

The Estate, which is neither the property of the Government nor the Queen, but "remains part of the hereditary possessions of the sovereign in the right of the Crown" extends to agricultural and housing estates, industrial property, the coastal seabed, and mineral deposits.

Last year its net contribution to the Exchequer was just over £14m, while the Queen and 11 other members of her family received, after a £300,000 refund to the Government, a total of £4.3m.

The revenue is not always easily earned, however. In the past 12 months the Commissioners have had to cope with bitter complaints from tenants living in stylish Regent's Park homes who are facing huge increases in historical rentals, as well as criticism over the intensity of its salmon fishing on the River Spey.

Lisbon flutter

"Two fat ladies—Eighty-eight" —will soon be competing in Portugal with discreet murmurs of "Les jeux sont faits. Rien ne va plus."

The Government has authorised the opening of Bingo halls throughout the country. Until now a few staid casinos, the football pools, and the weekly lottery have been the sources of legal gambling.

Portugal ardently desires to encourage the British tourist trade as a source of invisible earnings. The Government has become convinced that no British lady regards her holiday as complete unless she can Bingo away the summer nights.

But this exotic form of gambling will be made available under strict rules. There will be a public tender for all Bingo licences. Concessionaires will have to deposit between £25,000 and £60,000 with the national savings bank according to the size of the hall they wish to open. There will not be an actual government health warning on the game. But players must be over 18.

The Government will set the price of admission and 60 per cent of the takings must go in prizes. Ten per cent will be allowed for profit. The remaining takings will revert to a fund for supporting juvenile organisations, a fund for developing sports, and regional and national tourism, with a final 5 per cent of the takings going to pay the overheads of the gaming inspection service. Which sounds rather like paying the tax inspector for calling.

Clean up

One of the more improbable busines ambitions I have heard of was that of Initial's chairman Nicolas Wills. For some time he was keen on his towels and garment hire group running a Chinese laundry in China.

The project was cleanly and finally wrung out of him when, on a visit to Taiwan, he discovered how primitive the laundry industry still is in the Far East.

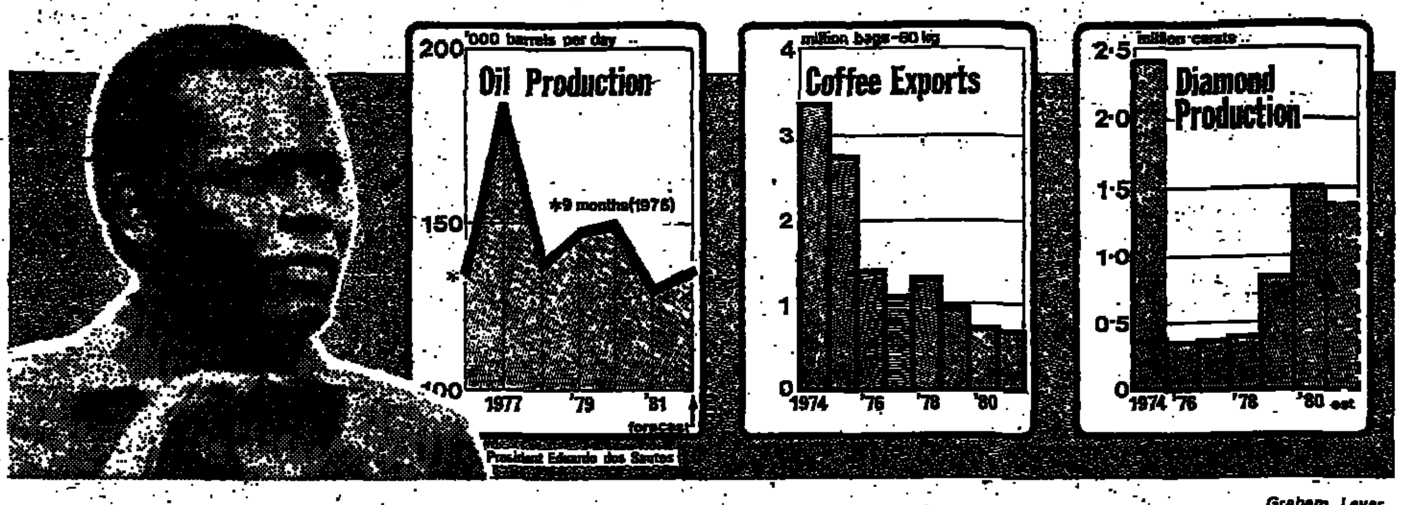
But Wills has been compensated at last for his thwarted ambition. The group has just reported a 16 per cent annual profits rise to nearly £23m. One valuable source of income is coming from meeting a growing demand for hot air in that sweltering stronghold of Chinese business, Singapore. It is being supplied by Initial in the form of hand-driers.

Observer

ANGOLA'S ECONOMY

Why peace talks hold the key

By Michael Holman, recently in Luanda



President Eduardo dos Santos

Graham Lever

ON THE palm-fringed road running along the crescent of Luanda's picturesque bay an imposing billboard pays homage to one of Angola's most influential figures: "Honour and glory," it declares, "to the immortal guide of the Angolan revolution and founder of the MPLA Workers Party."

But the man to whom it is dedicated is dead. Angola is looking over its shoulder at the late President Agostino Neto, who steered his country to independence in 1975 and presided over the early critical years of the People's Republic until his death in 1979.

Yet this homage to a figure from the past may provide a sense of continuity and stability at a time when an intensifying war on its southern border, harassment by anti-government insurgents and an economic depression have come together to present Angola with one of the most testing periods in its post-independence history.

Relief, however, may be in sight. Angola is both a key participant in, and a major potential beneficiary from, talks currently under way in New York aimed at finding a settlement to the 15 year Namibia (South West Africa) conflict.

The combination of peace in the region and an oil-led recovery in which western countries are being invited to play a major part could transform an economy wracked first by civil war and the exodus at independence of some 350,000 Portuguese, and more recently by a drastic drop in receipts from its three exports—oil, diamonds and coffee.

In the oil sector the target is to double the current 135,000 barrels a day (b/d) production by 1985. Some $1bn will be invested—over $400m this year alone—most of it by western oil companies such as Gulf, Mobil, Elf, Total, Petrofina and Texaco—or raised by western banks on behalf of the Angolan state-owned company, Sonangol.

But the oil sector, and to a lesser extent diamond mining in the far north-east, are privileged enclaves from the rest of the economy. They suffer few of the problems experienced in every other sector—an acute shortage of skilled manpower, raw materials, plant and equipment.

In the agricultural sector—where marketed production was down 26 per cent last year, according to government figures—the virtual collapse of the transport infrastructure as a result of the destruction wrought during the civil war and the continuing security problems, has created widespread shortages in the towns.

Only peace can provide conditions for development and secure western investment in sectors outside the oil sector—agro-industry, fishing, communications, heavy industry.

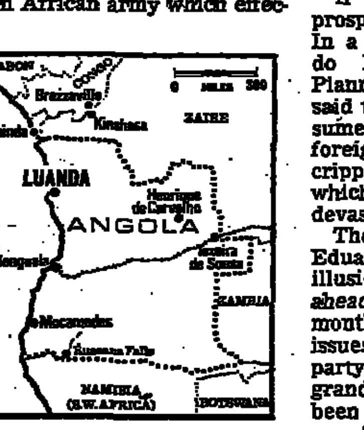
But peace depends on the outcome of talks, now under way in New York, to find a settlement in Namibia, with whose fate Angola's is interlocked.

Guerrillas of the South West Africa People's Organisation (Swapo) are fighting a hit-and-run war against South African forces in Namibia from bases in Angola. At the same time, Angola's rebel Unita movement is fighting a similar war against the Luanda government—and Unita is backed by South Africa.

The Unita insurgents, led by Jonas Savimbi, have conducted a guerrilla campaign, mainly in central Angola, ever since their defeat in the 1976 civil war which followed independence. They keep the Benguela railway—which once carried copper exports from Zambia and Zaire to the port of Lobito—closed to through traffic. The Luanda government appears to face a deteriorating military position and the cost of the war is mounting.

Unita's strength depends on its logistic support from South Africa, for, like all insurgent movements, a reliable base and source of arms, fuel and food are critical. These supplies will continue as long as South Africans are in Namibia.

A new threat to Angola's stability is the incursion of the South African army which effectively controls a cordon sanitaire along the southern border, designed to prevent operations in Namibia by Swapo.



The presence in Angola of some 15-20,000 Cuban troops, dating back to the civil war when the MPLA sought assistance in repelling a South African invasion, has failed to deter more recent South African attacks or end the threat from Unita.

The fact is that the presence of Pretoria's and Havana's troops are linked, and only a settlement in Namibia can bring about their withdrawal—perhaps as a phased operation corresponding to progress in the implementation of the settlement plan being negotiated by the five-member western contact group — the U.S., Britain, France, West Germany and Canada.

If the Namibia talks fail, prospects for Angola are grim. In a recent interview Sr Lopo do Nascimento, Minister of Planning and External Trade, said that military spending consumed about 50 per cent of foreign exchange earnings — a crippling burden for a country which has to rehabilitate a devastated economy.

The country's President, Eduardo dos Santos, has no illusions about the problems ahead. In a frank review last month of political and economic issues he declared that the party had "erred toward grandiosity and have not always been able to realise our goals . . . few of us fully understood the problems of the Angolan economy."

Luanda itself starkly illustrates the problems. The capital is grubby and run-down and the search for sufficient food—either by standing in the long queues at the state controlled distributors, or scouring the markets—is a major part of daily life. Foreign companies either import the basic needs of their staff, or accept that their employees' search for food will take up half the office day.

Such economic statistics that are available tend to be unrealistic guesstimates, but a picture emerges of a severe fall in receipts from oil, diamonds and coffee, creating a serious balance of-payments deficit last year, forcing the Government to review the targets of the 1982-86 five year plan and introduce a one-year emergency programme.

The net effect of the fall in export prices—notably oil (about three quarters of foreign exchange receipts) and diamonds (13 per cent)—and a drop in production was a shortfall of $350m in anticipated foreign exchange earnings last year.

The Government's response has been text-book budgetary conservatism: a determination to live strictly within its means. It introduced stringent import curbs in the middle of last year —which had an immediate effect on the backlog of ships queuing up to offload in Luanda harbour.

"We have decided to balance both our national budget and our foreign exchange budget," Sr do Nascimento said in a recent interview.

In the past, Angola has had a good reputation for prompt payment of its suppliers—60 per cent of imports come from the West.

That reputation now stands Angola in good stead. The drop in anticipated earnings has brought about a delay of four to six months in payments, despite the import curbs. Yet there is not a foreign businessman in Luanda who does not speak highly of the Government's integrity.

"It is one place in Africa—or elsewhere for that matter—where I will start work on a contract on the basis of a handshake," said one contractor.

Now Angola is actively looking for foreign credit to tide it over.

Preliminary negotiations are already under way to borrow around $100m from western banks for balance of payments support. Chase Manhattan, which with Bankers Trust arranged a $50m loan for oil expansion last year, is again playing the leading role.

Borrowing from abroad is a reversal of previous economic policy. But what appears to be a greater willingness to deal with the West can sometimes be misinterpreted abroad. It is not seen by most observers in Luanda as a "shift" in policy. Angola remains a committed Marxist state, closely allied to the Soviet bloc.

But as the Foreign Minister, Sr Paulo Jorge, puts it, the country is willing to trade "on terms of mutual benefit" with the West.

Even within this definition, however, trade with the West is likely to increase provided there is peace in the region. But a Namibia settlement will also present the Angolan Government with fresh challenges.

No longer will the war be a rallying cause, and an explanation for economic shortcomings and empty stores. And even if the Unita threat is reduced, a major effort at reconciliation will have to accompany a military victory over Jonas Savimbi.

Within the Government itself the rumbling differences over economic strategy and international allegiances—pragmatists versus rigid Marxists, the old guard who fought the liberation war versus young technocrats, the proponents of non-alignment versus the pro-Soviets—may well surface.

The divisions are there, but the strengths of these different factions are unclear and President dos Santos has yet to stamp his own clear authority on the ruling party.

If the talks in New York fail, the country will remain hamstrung by the war in the south and inspirational billboards will provide little comfort.

Lombard

Public safety in nuclear power

By David Fishlock

THE PUBLIC interest, where commercial nuclear power is concerned, is best served by the Government's Nuclear Installations Inspectorate, part of the Health and Safety Executive, which polices the safety of British people at work. The point needs to be emphasised for, all too often, those opposed to nuclear projects cast themselves as performing in the public interest, and the nuclear inspectors as part of the government's nuclear establishment.

The 88-page critique published by the nuclear inspectors last week, of the outline design for the Central Electricity Generating Board's new nuclear station at Sizewell in Suffolk, augurs well for the future in terms of public interest. It was the first time their deliberations had been made public at this (early) stage in the life of a nuclear project.

The critique was produced by a small body of well-qualified people who have high professional standards to uphold. Some idea of the effort they have invested can be gauged from the estimate of Mr Ron Anthony, the chief nuclear inspector, that the critique itself has cost about £200,000.

But still more impressive are the figures he gives for the professional effort supporting the critique. Altogether, since the Labour Government first authorised safety studies of this project early in 1978, the nuclear inspectors have spent about £7m in studying the case for building a big pressurised water reactor in Britain. This includes about £2m on safety research and development specially commissioned to resolve questions bothering the inspectors. Currently—and at least for the next year or two—the scale of spending is expected to remain around £2m a year.

The result of this public expenditure so far is that the inspectors—concerned, as Mr Anthony states, only with public safety and not with wider issues such as electricity supply or economics—have found no fewer than 16 shortcomings in the CEGB's outline design. Of these 16, five are singled out as important areas "where the position is not yet satisfactory."

Nevertheless, the inspectors have said that they can find no fundamental flaw in the design which might prevent them from licensing a PWR for commercial electricity generation at Sizewell. They themselves think they can see ways of resolving all the questions they raise.

This fact alone should considerably enhance public confidence in the nuclear inspectors, as a body acting in the public interest rather than that of the electricity or nuclear industries.

The fact that the nuclear inspectors say that they can find no fundamental flaw with the Sizewell design should please the environmental movement. But its interests so far in the nuclear debate have been quite different from those of the nuclear inspectors — less to assure public safety than to secure the rejection of nuclear projects, whether on safety or other grounds. This bald fact has been spelled out by Sir Roger Parker, the judge who, in 1977, presided over Windscale, Britain's first public nuclear inquiry.

That is not to say that the environmental movement does not have a role in alerting public attention to the activities of two industries which have long traditions of preferring to work behind closed doors. In the case of Sizewell, the public will be interested to see whether it uncovers shortcomings the nuclear inspectors have overlooked or merely helps to highlight those already uncovered at public expense.

But when the environmental movement complains to government that it cannot muster the resources available to the protagonists for the Sizewell project, it should not overlook the £7m already spent by professional critics. This expenditure, as the chief nuclear inspector points out, must be weighed on the side of the protestors.

If the public still remains unconvinced that enough of its money is being spent in assuring public safety, or is being spent in the right manner, the remedy remains for it to fund the environmental movement by public subscription in making its case against Sizewell B.

Letters to the Editor

Need for a new direction in the economy

From the Chairman, Parker Knoll

Sir,—I am driven to write to you in my capacity as chairman of the Southern Region Council of the Confederation of British Industry as a result of a council meeting that took place last week and the reports I have seen in the Press over the weekend which indicate that the Government is unwilling to take action to correct an economy that many of us believe is clearly off course.

If a company's financial targets are clearly not being met during the course of a financial year, that company will generally take action. I submit that the Government is in a comparable position. On the one hand, we see Government borrowing at a lower level than was anticipated and, in particular, £2bn lower than was planned for the year ended March 1982, together with inflation moving down faster. The price of this is lower industrial output which at the reduced rate of 1 per cent growth is almost stagnant as this is within the margin of statistical error. There is thus a need for Government action; there is scope for it and, more importantly, the risks to the Government in not taking such action are greater than the risks of taking action.

In the Southern Region, which is an area that has escaped the worst effects of the recession, there is now clear evidence that companies manufacturing for the consumer have seen a worsening of demand in the last three months. The effect of this will be a loss of capacity which in the future will result in an increase in imports.

On a national basis, the position is probably worse and may well result in unemployment rising to 3½m within the next six months which, apart from anything else, will force a further lowering of demand and it is this downward spiral which concerns Members in the Southern Region and should concern the Government as a whole.

The solution lies in implementing the proposals which the CBI put forward prior to the budget this year. They are the complete abolition of the National Insurance Surcharge, the lowering of business rates and a further decrease in interest charges which in real terms are higher than they have been for 20 years. None of these proposals is reflationary.

In addition, the Government must increase investment in the nation's infrastructure with particular emphasis towards the construction industry. This can be financed through further reductions in government expenditure through the implementation of measures contained in the McAlpine Report which has recently been updated by the CBI and sent to the Government. Given that reduction, this investment would not be inflationary. But even if it could be argued that it was, I come back to the point that the danger of inaction is greater than the danger of action.

Industry has suffered disproportionately over the past two years and a further tightening of the screw can only lead to further losses of capacity and further unemployment. I was dismayed at reports that I read in the week-end's Press that no action is contemplated this autumn and I expect that this feeling was shared by many members of the Southern Region and by the nation at large. When will we be able to get the views of those of us who are at the sharp end through to the Treasury?

M. H. T. Jourdan.
P.O. Box 22,
Frogmoor, High Wycombe.

Unnecessary frills

From the Chairman, British Steel Corporation

Sir,—I was interested by the comment in Men and Matters (July 14) that the BSC Annual Report "possesses the quality and style of a parish magazine on an off day." The style of this year's report follows the precedent we set last year. As was stated then, the report reflects our preoccupation with reducing costs in all areas of our business. I have always felt that glossy annual reports are more concerned with projecting the ego of the chairman and justifying the existence of a large PR department than with presenting useful information to the company's employees and shareholders.

I can assure you, however, that I regard effective communication with our workforce and our shareholders — the taxpayers — as being of great importance. The annual report is only one of many methods of communication and I think you will find that close examination of ours will provide the concerned citizen with sufficient factual information to evaluate BSC's performance without unnecessary frills.

Ian MacGregor.
9, Albert Embankment, SE1.

The reality of CCA

From Mr H. W. Marsh

Dear Sir, — In his letter of July 7, Mr Kenyon is straining at a gnat trying to prove that CCA is not inflation counting per se. In his attempt to accredit CPP as being nearer the (his) purist definition of inflation, he succeeds only in demonstrating the relative strength of CCA, for example, it is a more precise attempt at redefining results in real terms. The example of a year of nil inflation but sizeable rises in commodity prices is perfect, albeit totally theoretical. His suggestion that the businesses affected have accounts showing nil inflation, and that this would satisfy the user, is silly.

As an attempt to rationalise real performance, CCA is good. Right now it is said to be not working, but what is expected of it?

The majority of businesses suspect their achievements are declining in real terms and those that produce CCA accounts have the evidence. However, in today's market place managers are concentrating more on survival. When they get over that, perhaps they will have time to work on making their CCA accounts look more respectable.

H. W. Marsh.
65 Dawstone Road, Heswall, Wirral, Merseyside.

Tax treatment on ethane

From Mr Tim Eggar, MP

Sir,—The constant assertions in your columns that the Government is granting "concessions" to Shell, Esso and BP prejudges the dispute between ICI and the Government.

All parties agree that the law prior to the 1982 Finance Bill was not appropriate to long term ethane sales between related parties. The inclusion of Clause 129 is not therefore a "concession" in itself.

The point at issue between the Government and ICI is whether Clause 129 as drafted leads to favourable tax treatment for Shell, Esso and BP which would give these companies a further competitive edge over ICI.

If ICI are right then the Government have indeed given a "concession." ICI's writ indicates that they prefer to trust the Courts' interpretation of the Treaty of Rome rather than the judgment of the House of Commons.

Tim Eggar, MP.
House of Commons, SW1

Meaning of SSAP vote

From Mr R. J. Emms

Sir,—On July 29, the Institute of Chartered Accountants is to vote on the proposed withdrawal of SSAP 16.

In view of the importance of the subject, and the great influence of the Financial Times, you will carry a particularly heavy responsibility when you comment on the result of that vote. I hope that you will assist your readers to avoid misinterpreting that result, and forming wrong conclusions as to the attitudes and ideas of the profession.

The proposed resolution begs a lot of questions, but we can only say "yes" or "no," whereas most of us, I think, would like to qualify our "yes" or "no" with many "ifs" and "buts." A member's vote could be for/against:

- Any form of inflation accounting, or just CCA as a method;
- One aspect only of CCA (eg gearing adjustment);
- A mandatory SSAP as a method of experiment, in this case/in any case;
- Compulsion, in this case/in any case;
- The ability of the ASC to draw up standards good enough to be compulsory, in this case/ in any case;
- The timing of the resolution;
- The repudiating in public of the authority of the Council;
- The "establishment" versus the "under-dog:" etc.

Furthermore, abstention would not necessarily mean lack of opinion or interest. A member may feel that a simple yes/no would be positively misleading. Perhaps he might be more inclined to vote if he knew that you had already warned your readers against misinterpretation.

R. J. Emms.
2, White House Close, New Road, Laxey, Isle of Man.

Companies in style

From Mr J. F. Ebdon

Sir,—Your correspondent (July 15) has not got it wholly right. In addition to PLC and plc, some also use Plc.

J. F. Ebdon.
Mariner House, Pepys Street, London EC3.

£34m rise takes Rothmans to £105m

COST CUTTING and improved efficiency, together with higher margins and advantageous exchange rates, helped push pre-tax profits of Rothmans International £34m higher to £105.2m for the year to March 31, 1982, after an increase from £40.8m to £52.6m at halfway.

Yearly earnings per 12½p ordinary and "B" ordinary share are given at 30.2p (12.9p) basic and 18.3p (9.5p) fully diluted. From these the final dividend is 1.15p (1p), lifting the total payment from 3.65p to 4.4p at a cost of £6.88m (£5.71m).

Sales revenue improved from £2.38bn to £2.77bn, including VAT, tobacco duties, End Product Tax and all other state taxes where applicable. Excluding these items, turnover amounted to £1.13bn (£964.5m).

An analysis of sales and operating profits, £107.7m (£85.1m), shows (in £ms): tobacco 2,398 (2,120) and 84.2 (62.6); luxury consumer products 75 (63) and 5.2 (4.7); brewing 288 (197) and 16.5 (13.5 including £4.8 profit on sale of certain trade mark rights); energy 6 (5) and 1.8 (2.3).

Against a background of continuing recession, depressed consumer spending and higher levels of tax on tobacco products, the overall volume of the tobacco business of the group and its associates was slightly below the level achieved in the previous year, with gains in some markets offset by declines in others.

The contribution from the group's interest in luxury consumer goods reflected increased sales and profitability aided by exchange rate movements.

Share of associates operating profits rose from £16.3m to £24.1m, raising the total operating result from £101.4m to £131.8m, and the taxable figure was after net interest expense of £13.9m (£17.3m) and interest on convertible bonds totalling £12.7m (£12.4m).

Tax took £40.8m (£35.2m), with UK at £3.9m (£1.9m), overseas at £27.4m (same) and associates at £9.5m (£5.9m). This left the net profit some £23.4m ahead to £64.4m.

There were minority profits of £17.1m compared with £15.8m and an extraordinary credit of £2.6m, resulting from the group's share of the surplus arising on the disposal of certain leaf trading interests. After these items, the attributable profit emerged at £49.9m (£30.2m). On a CCA basis the pre-tax result is shown at £53.9m (£52.6m), while the attributable figure improved to £18.5m (£8.6m).

See Lex

HIGHLIGHTS

After discussing events in the Stock Market, which once again had a strong day, Lex looks at the figures from Rothmans International. The tobacco group lifted pre-tax profits for the year to the end of March 1982 by £34m to £105.2m helped by currency gains. The column goes on to briefly consider the £5m one-for-one rights issue by Berkeley Exploration and Production, the North Sea drilling company, before examining the results from Hogg Robinson for the year to the end of March. This insurance broking and Lloyd's underwriting group reports an £0.5m decline in pre-tax profits to £8.5m, and an unchanged dividend.

Hogg Robinson lower after £1m provision

A FALL from £9.02m to £8.51m in pre-tax profits is reported by Hogg Robinson Group for the year to March 31 1982. The pre-tax figure was after making a provision of £1m against debtors because of uncertainties in the worldwide insurance markets.

The final dividend is unchanged at 3p for a same-again total of 6p.

Mr Morris Abbott, the chairman of this international insurance and re-insurance broker and underwriter, says the board is not unhappy with the results for the year, reflecting as they do a virtual standstill situation when the current state of the UK domestic insurance market, and the size of the group's presence in it, are taken into account.

He adds: "Despite those difficulties, our worldwide insurance broking profits, which include our U.S. acquisition, are showing a substantial increase with the help of exchange rate differentials, while our transport, travel and specialist services activities have once again increased their contribution to the group's figures."

This year the group has taken in the 1979 Lloyd's underwriting account, and this has meant a drop of over £1m in pre-tax profits contribution from that source as compared with the previous year.

He says the group has also absorbed the substantial financing costs of its U.S. acquisition which is a long-term investment and will, when the market turns, make a very satisfactory contribution.

Turnover for the year rose from £45.31m to £53.41m, and this was split as to: insurance broking, £33.04m (£28.94m); Lloyd's underwriting agencies, £3.54m (£3.59m); non-Lloyd's underwriting, £1.53m (£907,000); travel and shipping £13.06m (£9.28m); financial and computer services, £2.24m (£2.6m).

Profit by class of business was: insurance broking, £6.11m (£4.24m); Lloyd's underwriting agencies, £1.68m (£2.9m); non-Lloyd's underwriting, £148,000 loss (£137,000 profit); travel and shipping, £1.7m (£1.45m).

The total pre-tax figure was struck after net interest less investment income of £1.31m (£41,000). There was a tax charge of £4.19m (£4.17m), and after minority debits of £725,000 (£593,000), attributable profits were down from £4.26m to £3.6m. Dividends absorb £2.04m (same), leaving retained profits of £1.55m (£2.2m).

Earnings per share were down from 12.5p to 10.56p. On a CCA basis, pre-tax profits were £7.9m (£8.8m) and earnings per share were 8.8p (11.15p).

See Lex

Allied Colloids strong performance at £9.6m

THE MAINTENANCE of strong growth in the second half of the year to April 3 1982 when pre-tax profits increased from £2.08m to £5.58m, left the full year result of industrial chemicals manufacturer Allied Colloids Group well over doubled at £9.59m against £4.04m.

Turnover improved from £42.37m to £57.19m, with the overseas contribution rising 40 per cent on conversion to sterling and trading profits jumping by 103 per cent. About half this leap was brought about by the change in the value of the pound.

Group earnings per 10p share are shown to have risen from 5.759p to 12.108p and the dividend total is being raised from 2.731p to 3.108p with a final payment of 2.4p net. A one-for-five scrip issue is also proposed.

As regards the current 12 months, the directors report that first quarter sales show a 21 per cent improvement over the corresponding period, but they say caution should be exercised in taking this figure as a basis for full year predictions, since industry activity is generally depressed in most of the countries to which the group exports.

Taxable profits for the year under review were struck after lower interest of £697,000 against £1.03m.

● **comment**

From the very outset 1981-82 looked set to be an excellent year for Allied Colloids. Just ahead of the results the market was expecting more than doubled profits to £8.5m. With the actual outcome £1m better than that the shares shot up another 31p to 248p—nearly £1 above the price last January when the interim was published. With 80 per cent of sales overseas and the U.S. predominant, exchange rate movements obviously played a major part in the outcome and half the profits increase can be attributed to sterling's weakness. Yet even taking that out of the year's profits the return on capital employed is still 30 per cent. Despite the gloom within the chemical industry generally demand for specialist products remains strong and Allied's volume was well up though price rises have been sparser than the cost structure has been improved. This year will see further volume gains and benefits from operational gearing and by 1983 the new U.S. plant will enable Allied to break into the cheaper end of the American market with products which are uneconomical to ship from the UK. Of course Allied remains exposed to the vagaries of sterling and a repeat of last year's bonanza cannot be expected. Nevertheless, profits will continue to rise which is enough, along with some hidden hopes, to keep the shares on an earnings multiple of 28 and yield of 2 per cent.

ISSUE NEWS

Berkeley's £4.97m cash call

Berkeley Exploration and Production is calling for £4.97m by way of a one-for-one rights issue and seeking to move up to the Unlisted Securities Market. The former KCA International subsidiary whose shares are currently dealt under Rule 163 (3), aims to use the proceeds to repay bank borrowings of £1.45m, and finance further exploration and appraisal work, possibly with Elf UK, in the North Sea.

It is also investigating the possibility of raising finance in the Far East to fund such ventures as bidding for an exploration interest in the South Yellow Sea offshore China.

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The issue will be of 4.97m £1 ordinary shares at par to realise some £4.78m net of expenses. In the market, the shares fell 20p to 155p. Elf, a subsidiary of the international oil company Societe Nationale Elf Aquitaine, is to take up its full rights amounting to £1.48m in respect of the 29.81 per cent interest acquired from KCA in April for £4.81m, equivalent to £3.25 a share.

The remaining 70.19 pe rcent of the issue has been underwritten by Henry Ansbacher and Co. & the brokers to the issue are Hoare Govett.

Dealing on the USM is expected to begin on August 6.

Berkely reported an increased operating loss of £520,000 for 1981, compared with £277,000 for the 15-month period to the end of 1980. Writedowns of £337,000 were made on properties and £400,000 on the cost of dry wells. These pushed the loss at the pre-tax level to £1.22m (£150,000).

The stated loss per £1 share emerged at 27.85p (8.93p), and no dividends are expected in the foreseeable future.

At year-end, the deficit on reserves amounted to £731,000 leaving shareholders' funds at £4.2m and net borrowings stood at £1.16m.

Berkeley was formed in September 1979 to acquire the licence interest and associated technical assets of KCA's B.W. Sea Search and to pursue further licences for the exploration of oil and gas in the UK sector of the North Sea.

KCA at that stage retained a 30 per cent interest and the rest was offered for sale in the form of 3m £1 shares 50p paid. The issue was over 40 times over-subscribed. On the first day's trading under Rule 163, the price rose to 132p and five months later topped 200p. In February 1981 the outstanding 50p balance on the shares was called in, bringing in a further £1.76m.

The company's main assets are its involvement in North Sea block 16/26, where the working interest is 8.4167 per cent, and block 16.27b, a 5.1 per cent interest. A further well is planned this year in the first block after some encouraging tests. Drilling in the other block should take place in first half of 1983.

Recent appraisals have concluded that these blocks have recoverable reserves of which Berkeley's share would be around 200bn standard cubic feet of gas and 6m stock tank barrels of condensate, which would be sufficient to justify ultimate commercial exploitation, says the company.

Apart from funding the new drilling, which will absorb some £2.15m, the remaining £1.16m will meet working capital requirements and enable the company to fund its portion of expenses in applying for licences in the eighth round, both with Elf and other parties.

Elf has been active in North Sea exploration since the 1960s, including a 26 per cent of Frigg Gas Field which supplies a third of British Gas requirements.

Berkeley, whose existing North Sea interests are not expected to be in production for some time, is to seek shareholder and Department of Energy approval for the co-operation and bidding agreements it is entering into with Elf.

Only a small proportion of the company's interests are in the U.S. and these have been subject to cutbacks in recent months. Drilling is continuing in Texas where additional prospects are being sought.

See Lex

IDRIS HYDRAULIC

The cash offer by Permodalan Bersatu Berhad for Idris Hydraulic Tin has been accepted in respect of 582,557 shares. Total acceptances together with PBB's existing holding of 439,444 shares amount to 1,022,031 shares (79.8 per cent).

Intereurope seeks full SE listing

Intereurope, which publishes technical manuals for high technology companies, is seeking a full stock exchange listing.

The Wokingham-based company was founded in 1971 and writes manuals for Plessey, the MoD, Racal, British Telecom and others. In the year ended June 1981, Intereurope recorded pre-tax profits of £428,000 on sales of £5.3m. Market capitalisation of the company is expected to be around £5m.

The company is being advised by County Bank. Its stockbrokers are L. Messel. Further details of the issue are expected next week.

Profits higher at Pentland Investment

Pre-tax profit at Pentland Investment Trust in the six months to June 30 1982 rose from £894,000 to £950,000, on income up from £973,000 to £1.04m. A net interim dividend of 1.5p is declared, unchanged from last year, and it is the board's intention at least to match last year's total payout with a final dividend of not less than 4.85p.

Despite the continuing world recession and uncertainties over U.S. interest rates, earnings available for ordinary shares show a 7.8 per cent increase. The trust says income from its U.S. portfolio has been boosted by the strength of the dollar, and the UK portfolio has seen some useful dividend increases.

The trust's assets performance, which has been less encouraging, has been affected by the disappointing showing of overseas markets.

Management expenses for the six months came to £67,000 (£61,000), interest charges took a further £20,000 (£18,000) and tax totalled £338,000 (£325,000).

ELECTRA/PYKE

Electra Risk Capital (Erie) has paid £261,250 for 40 per cent of the equity in Pyke International, under the terms of the Government loan guarantee scheme. Eric has agreed to reduce its proportion of the equity to 37½ per cent on the achievement of certain performance targets.

Pyke supplies and installs domestic alarm systems.

Pension sales lead NPI growth during first half

BUOYANT PENSION sales enabled the National Provident Institution, a leading mutual life company, to show strong new business growth in the first half of 1982.

New annual premiums advanced 32 per cent from £6.94m to £8.49m, while single premiums improved 20 per cent from £13.81m to £16.53m.

The company, a leader in the self-employed market, saw annual premiums on these contracts rise by one-third from £3.36m to £4.51m and single premiums jump by one-fifth from £10.42m to £12.76m.

However, NPI showed even higher growth rates for its executive pension business. New annual premiums were 40 per cent higher at £2.24m against £1.67m, while single premiums leapt 70 per cent from £1.56m to £2.64m.

Ordinary life assurance annual premiums were, however, dull, declining 12 per cent from £960,000 to £845,000. But single premium life business was extremely buoyant, jumping from £293,000 to £866,000, the latter figure including £475,000 of unit-linked premiums received in the first month of operation of the new unit-linked life subsidiary.

Intervision Video may buy Alpha Films for £1.8m

Intervision Video, the video distribution company headed by Mr John Bentley, is planning to acquire Alpha Films for 4m preferred ordinary shares worth approximately £1.8m.

Alpha Films is a London-based video film dealer which owns the rights to 26 films including Alligator, Kentucky Fried Movie, Lili Marleen and Maniac.

According to a circular to shareholders this week, Intervision will seek a listing on the USM this September. The company was suspended from dealing under rule 163 (2) last March because the shares had become too actively traded.

Alpha reported a loss of £98,537 on turnover of £1m for the year ended last December and an accumulated consolidated deficit of £113,771. Alpha's figures will not be incorporated in Intervision's year ended June 1982. The company's forecast pre-tax profits for that year will be in the range of £900,000 to £1.05m, based on Intervision's unaudited accounts.

The Alpha vendors have agreed to sell all the 4m new ordinary shares and Hill Woolgar will place the shares with investment clients at 45.5p, if shareholders approve.

Shareholders are to vote on the proposed acquisition at an extraordinary meeting on August 4.

Slight fall at West Coast and Texas

West Coast and Texas Regional Investment Trust was affected by higher loan interest charges in the half-year to June 30 1982, resulting in slightly lower pre-tax profits of £49,312 compared with £50,818.

Tax took £23,541 against £22,355, leaving net profits of £25,771 (£28,463). Net asset value per 10p share fell from 102.8p at December 31 1981 to 92.5p at March 31 last.

The directors say that if borrowings during the second half are maintained at the present level, it is anticipated that net revenue for the full year will be similar to that for 1981.

At June 30 1982, specific drawings totalling $850,000 ($700,000 at December 31 1981) had been made under the multi-currency loan facility of $1.5m which is available to the company until May 1983.

Sheffield Houses static

Taxable profits of Sheffield Refreshment Houses remained almost static at £311,270 in the year ending March 31 1982 compared with £311,689 last year.

The final net dividend of 1.7p has been repeated for a same-again total of 2.4p. Earnings per 25p share fell from 4.92p to 4.55p.

Turnover of this hotelier, restaurateur and banqueting specialist moved up slightly to £1.67m (£1.58m) while the trading profit was £422,878 (£425,287).

Tax took £124,586 (£13,813) and there were extraordinary debits of £6,846 (£18,450).

CCA pre-tax profits fell from £86,428 to £81,919.

Fuller Smith advances to £2m and raises final to 5p

IMPROVED TAXABLE profits have been shown for Fuller, Smith & Turner of £2m during the year ending April 3 1982 compared with £1.4m for the previous 53-week period. The final net dividend has been raised from 4p to 5p.

This makes a total of 8p compared with 6.33p last year. Stated earnings per £1 share, excluding deferred tax, rose from 42.97p to 44.19p.

Directors of this brewer and wine and spirit merchant say that good weather in the early part of the summer boosted trade. Turnover rose from £21.51m to £25.33m while trading profits stood at £2.23m (£1.84m).

They add that the current year will see an improvement in sales, and profits should grow, although not to the same extent as this year.

Pre-tax profits were struck after net finance charges of £226,000 (£245,000), minorities credit of £4,000 (£4,000 debit) and extraordinary credits of £327,000 (£72,000).

Tax took £575,000 compared with a credit of £2.27m last year.

The directors point out that Griffin Catering had a difficult year, mainly due to poor trade in its catering houses. However, they add, there should be an improvement following alterations to some houses.

The company's interest in Highgate Restaurants has been sold. The directors say that capital invested did not produce adequate returns.

CCA taxable profits rose from £786,000 to £1.25m.

Meeting: Griffin Brewery, Chiswick, on August 17 at 11 am.

Moorgate Inv.

Moorgate Investment Trust raised its final net dividend from 4.8p to 5.45p making a total of 8.05p against last year's 7.3p.

Taxable revenue for the year ending May 31 1982 rose from £525,779 to £585,465 after administration charges and interest of £55,906 (£48,636).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Colloids	2.4	—	2.09	3.11	2.73
Black Arrow	1.75	Oct. 1	1.5	2.75	2.5
Fuller, Smith & Turner	5	—	4	8	6.33
Hogg Robinson	3	Oct. 4	3	6	6
Meldrum Inv. ......int.	1.35	—	1.25	—	3.35
Moorgate Inv. Trust	5.45	Sept. 6	4.8	8.05	7.3
Pentland Inv. ......int.	1.5	Aug. 2	1.5	—	6.35
Radiant Metal	1	—	2	2	3
RFD	2	Sept. 20	2	2.8	2.8
Rothmans	1.15	Oct. 1	1	4.4	3.65
Sheffield Houses	1.7	—	1.7	2.4	2.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

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1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
124	120	Ass. Brit. Ind. Ord.	124	—	6.4	5.2	11.3	13.9
134	100	Ass. Brit. Ind. CULS	134	—	10.0	7.5	—	—
75	62	Airsprung Group	71	—	6.1	8.6	8.1	13.9
51	33	Armitage & Rhodes	43	—	4.6	10.0	3.6	8.1
228	187	Bardon Hill	223	—	11.4	5.1	9.4	11.8
110	100	CCL 11pc Conv. Pref.	110	—	15.7	14.3	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	60	Deborah Services	65	—	6.0	9.2	3.2	8.7
135	97	Frank Horsell	135	—	7.9	5.9	6.7	6.1
83	39	Frederick Parker	72xd	—	6.4	8.9	3.7	7.0
78	48	George Blair	58	—	—	—	—	—
102	93	Ind. Precision Castings	97	−1	7.3	7.5	7.0	10.5
110	100	Isis Conv. Pref.	110	—	15.7	14.3	—	—
113	94	Jackson Group	106	—	7.6	7.1	3.2	6.7
130	108	James Burrough	123	−2	9.6	7.8	9.0	10.0
334	221	Robert Jenkins	221	−3	20.0	9.0	2.4	35.1
81	61	Scruttons "A"	81	—	5.7	7.0	10.5	12.7
222	154	Torday & Carlisle	159	—	11.4	7.4	7.0	11.9
44	24	Unilock Holdings	24	−1	3.0	12.5	4.3	7.2
103	73	Walter Alexander	84	−1	6.4	7.6	5.5	8.8
268	212	W. S. Yeates	249	—	14.5	5.8	6.4	12.8

Prices now available on Prestel page 48146.

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BIDS AND DEALS

J. Bibby in £10m deal with Corning Glass

BY CHARLES BATCHELOR

J. Bibby and Sons, the Liverpool-based industrial and agricultural group, has agreed to buy the European laboratory glassware business of Corning Glass Works of the U.S. for £10m in cash.

This will make Bibby a major manufacturer of laboratory glassware in Europe, selling and distributing about 3,500 products worldwide, the company said. It will also be licensed to use various Corning trade markets, including "Pyrex," in France, Italy, Germany, Spain, Australia and 25 other countries.

As important as the acquisition of assets to Bibby is the access gained to new processes and products developed or invented by Corning in the U.S., said Mr Leslie Young, Bibby chairman.

Completion of the deal, which is expected in October, is subject to the Office of Fair Trading indicating that it will not be referred to the Monopolies and Mergers Commission.

Bibby will acquire a factory and office complex in Stone, Staffordshire, for £1.2m, vehicles, plant and machinery in the UK and France for £900,000 and trade marks for £300,000.

It will take over completed stocks, amounting to about six months' worth of sales, for £1.2m, as well as trade marks and Corning's 92 per cent interest in Afora SA of Barcelona, which makes and distributes certain Corning products in Spain.

Of the £10m purchase price £4.55m will be payable on completion, £1.85m six months later and £2.8m one year after completion. The remaining £1.2m, attributable to the property at Stone, is payable in regular six-monthly interest-free instalments over five years.

Bibby plans to reorganise the Corning business, concentrating stocks and other activities in Stone, in an operation to be paid for by Corning and which should be completed by March. There will be no interruption to sales, it said.

After the reorganisation net working capital employed will be about £6m, pre-tax profits will be about £1.5m and turnover £16m.

In the longer term Bibby plans to merge the Corning activities with its hospital and laboratory supplies division to form a science products division. The existing hospitals division is UK market leader in single-use laboratory products sold under the Sterilin trade mark in 60 countries, the company said.

This is Bibby's second major acquisition within a year, following the purchase in December 1981 of an 85 per cent holding in Furmanite International for £3.4m. Furmanite repairs industrial leaks under pressure and makes leak sealing equipment and compounds.

This deal will take the industrial group's net assets to about £34m. Group assets were £87.5m at end 1981. This is in line with the group's objective of having an equal balance of industrial and agricultural interests, Mr Young said.

Problems of financing expansion at Peterson

THE problems facing the Dublin-based Peterson Tennant Group are described in the offer document detailing the £2.75m agreed bid from James Crean.

As presently constituted Peterson is unlikely to command the necessary resources to pursue a successful expansion programme for a considerable time, the directors said.

Borrowing levels have risen considerably over the past two years and rationalisation costs and the growth of working capital requirements would make additional borrowings necessary this year.

Peterson, which distributes confectionery, grocery products, pipes and smokers' accessories made pre-tax profit of £786,000 on turnover of £31.5m for 1981.

Peterson now plans to dispose of Peterson and Glass, a London-based importer and wholesaler of pipes acquired in 1977, and Associated Import Corporation Inc of New York, acquired in 1978.

Associated Import made a loss in 1980 while both companies were in the red in 1981 and in early 1982. Discussions have begun with interested parties.

Peterson has begun to rationalise production of its Kapp and Peterson subsidiary which makes and distributes smokers accessories, but it is difficult to forecast future profitability, the company said.

Muster Simms Hardware, which distributes household products, is also undergoing a rationalisation programme but a significant loss is still expected this year.

Crean's offer of two of its own shares for every three Peterson, plus I£1 in cash for each preference share would allow Peterson shareholders to share immediately in the opportunities and benefits of its development programme, the Peterson board said.

Crean said it expected its own pre-tax profits for the year ended June 30 1982 would exceed the I£1.52m of the previous year. Crean, also Dublin-based, distributes industrial electrical products and soft drinks in Ireland, the UK and California.

EEC to hear British Sugar case next week

British Sugar Corporation's application to the European Court of Justice will be heard on July 29, the group said yesterday.

British Sugar has asked for an injunction against any further bid action by S & W Berisford until the EEC commission has completed its recently announced investigation into the proposed £282m takeover by Berisford.

British Sugar will tell the court that Berisford should have been ordered by the Commission not to proceed with the bid, pending completion of the Commission's investigation. It will maintain that subsequent divestiture would not be an adequate remedy.

Suspension for Moss Engineering

SHARES OF the Moss Engineering Group of Birmingham were suspended at 4.06 pm yesterday at the company's request pending an announcement. At the suspension price of 53p — 4p down on the day — Moss is valued at £3.26m.

Moss reported a pre-tax loss of £1.35m in the six months to February 28 against a profit of £253,127 in the corresponding period after making a provision of £916,714 for losses on overseas contracts.

The company's environmental division ran into greater-than-expected problems transferring part of its production to Accrington while in the Middle East it had to maintain a labour force for longer than budgeted, it said in May.

In December Biwater Group, a private engineering company, bought a 12.3 per cent holding in Moss in a "dawn raid".

Morgan Crucible acquires Anderman for £2m cash

Morgan Crucible, the industrial components and materials supplier, has acquired for about £2m cash the share capital of Anderman and Ryder, a private company involved in the manufacture of industrial components from high purity alumina.

The company will become part of Morgan's special carbons and ceramics division. Dr Robin Thompson, the Morgan director responsible for the division, will become chairman of Anderman and Ryder. The former chairman, Mr Henry Anderman, has resigned from the board.

Dr Thompson said yesterday: "Anderman and Ryder has developed a lot of new products and has a high reputation in the industry. It is very largely complimentary to our special carbons division, and we can supply the international selling organisation." Anderman and Ryder would make profits of about £350,000 in 1982, and sales growth of about 10 per cent over last year's £2m was expected, he added.

SE council to introduce more 'put' options

The Stock Exchange Council is introducing six more traded "put" options. This will mean option to sell a share and call options—the right to buy a share—will be available for all 18 stocks traded in this market.

From July 29, "put" options will be traded in Commercial Union, Courtaulds, Land Securities and Marks and Spencer, while other "put" options for LASMO and P & O will follow on August 12.

Mr David Steen, chairman of the Stock Exchange's traded options committee, said he hoped that this "will boost turnover a bit." He hoped the start of the London International Financial Futures Exchange in September would also create more interest in traded options.

"We are at the critical point now. Jobbers are getting enthusiastic again and the institutions are coming into traded options more and more. This is a market which is here to stay."

The Stock Exchange has embarked on an extensive promotional and educational campaign in an effort to stimulate the flagging options market, which since its launch in 1978 has failed to gain widespread acceptance.

75% of Long & Hambly bought by Tarmac for £1

Tarmac has acquired from Scottish Cities Investment Trust 15m ordinary 10p shares in loss-making rubber and plastic moulder Long & Hambly—75 per cent of the total issued share capital—for nominal consideration.

The Take-overs and Mergers Panel has waived the requirement under Rule 34 of the City Code on Take-overs and Mergers requiring Tarmac to make an offer for the outstanding ordinary share capital of Long & Hambly.

Long & Hambly had a pre-tax loss of almost £1m in the half-year to January 1982, and continues to trade at a loss. It has net debt of about £2m and has not paid out any dividends since 1979. Net assets of L & H are estimated at about £1.5m, and Tarmac considers that there are opportunities for L & H to trade profitably, which will be pursued immediately.

Tarmac has several companies engaged in the polymer industry, which activities will be enhanced by the acquisition of L & H, according to Tarmac.

Mr Neil Mackay of Lazard Brothers, which advised Tarmac in the negotiations, said yesterday that the shares were purchased for £1, and that the Stock Exchange rule demanding that Tarmac make an offer for the remaining shares was waived because the £1 offer price for the 15m shares already acquired made an offer price for the remaining shares a "nonsensical proposition."

Mr Mackay added that there was no immediate intention to acquire the remaining 25 per cent of the equity, and that L and H would remain a publicly quoted stock.

Shares of L and H rose 1p to close at 9p yesterday, capitalising the company at £1.8m.

MINING NEWS

Diamond problems easing says Mr. Oppenheimer

BY KENNETH MARSTON, MINING EDITOR

"THERE ARE therefore grounds for confidence that the special reasons for the recession in the diamond industry are being overcome and that an improvement in the world economy, and in particular in business conditions in the United States, will be reflected in improved sales."

Thus says Mr Harry Oppenheimer in his last annual statement as chairman of Anglo American Corporation of South Africa before he retires at the end of the year. As already announced he is to remain at the helm of De Beers for the time being.

The grounds for confidence he cites include a reduction in bank credit at the major diamond cutting centres to what is regarded as a reasonable level. Hopes will also be raised by the current easing in interest rates.

Meanwhile, he says that the recession in the diamond industry — the worst since the 1930s — is still continuing and unsold stocks being carried by the Central Selling Organisation are expected to rise further over the year, although at a slower rate.

On the subject of gold, Mr Oppenheimer says that there is "no convincing evidence as yet" that the downward trend has been broken — his statement was written on July 9 when bullion was $328 — but the decline in total supplies of new gold to the market suggests that "a change in the price trend may not be far away."

Although the group's Anglo American Coal Corporation has been doing very well Mr Oppenheimer points out that prices for steam coal on the international market are no longer buoyant and he expects little improvement until there is a general revival in the world economy and until the new coal-fired power stations in Europe and the Far East are commissioned.

In the year to March 31, Anglo's net profits fell to R770m (£387m), equal to 341 cents per share, from R866m in the previous 12 months. Major adverse factors were the fall in gold prices and the contraction in diamond sales.

Both factors persist in the current year to date and the important industrial interests are now also likely to feel the pinch. On this showing, therefore, the outlook for the current financial year is not very encouraging, but the picture could change in the next eight months.

W. Areas sells gold forward

A FEATURE of the June quarterly results from the mines in the Johannesburg Consolidated group is the news that the big, but low grade, Western Areas has sold forward the major portion of its expected gold production for the next 12 months.

It is pointed out that if the lowest levels reached by the gold price in the past quarter had continued Western Areas would have run into large losses. Rather than face this risk Western Areas has played safe by selling its gold at a price which is not disclosed but which, presumably, falls within the range of $300 to $365 seen during the quarter.

The cost of this survival move —the mine had little room for manoeuvre—is that Western Areas will lose the benefit to profits of any rise in the gold price during the next 12 months. Ironically, the bullion price has been moving up since the end of the past quarter from $318 to $350 yesterday.

Matters will be helped, of course, if gold production can be increased and the mine is thus concentrating its operations in the better grade areas of the property. Because of this a modest profit was made in the June quarter but the company seems likely to remain out of the dividend list for some time.

For the time being, therefore, Western Areas shares have lost the speculative attraction normally associated with this type of investment. They can only appeal to the investor prepared to take a long-term view and yesterday they were little changed in London at 144p in an otherwise strong share market.

Randfontein achieved an increase in pre-tax profits during the latest quarter but this has been offset by increased tax. The quarterly net profits of the two mines are compared below.

	June qtr. R000	Mar qtr. R000	Dec qtr. R000
Randfontein	28,734	29,810	50,857
Western Areas	861	†2,050	13,037

† Loss.

Hartebeest's better quarter

FOLLOWING A fall in earnings to R12m (£6m) in the March quarter the Anglovaal group's gold and uranium producing Hartebeestfontein has boosted net profits to R34.2m in the June quarter.

The South African mine's good performance reflects increased gold production, lower unit costs and, importantly, a sharp reduction in tax liability which was exceptionally high in the previous three months.

For the full financial year to June 30, however, Hartebeest's net profits come out at R101.8m, compared with R135.6m in 1980-1981. The reduction results from lower gold prices coupled with a 13 per cent rise in working costs.

The lower grade Loraine has also done well in the latest quarter. In this case the major factor has been a good increase in state aid which includes the applicable portion of some allowed capital expenditures not previously taken into account, but the mine has also raised its gold output thanks to increased milling and a better ore grade.

On the other side of the coin, the group's antimony and gold-producing Consolidated Murchison reports an increased loss against the background of the weakness in the market for antimony.

Production is being reduced and it has been decided to cease disclosing the output and sales figures because it is felt that this information could be detrimental to the company's marketing operations.

The net loss for the first half of this year amounts to R2.12m compared with a net profit of R878,000 a year ago.

Also suffering from depressed markets is the copper and zinc-producing Prieska which has slipped back into losses after having made a profit in the March quarter. For the year to June 30, Prieska comes out with a net profit of R1.5m compared with R8.1m in the previous 12 months.

The latest quarterly net profits and losses of the group's mines are compared in the following table.

	June qtr. R000	Mar qtr. R000	Dec qtr. R000
Hartebeestfontein	34,202	11,998	28,067
Loraine	*8,369	*3,012	*2,526
Cnsd. Murchison	†1,379	†741	1,865
Prieska	†920	1,161	†440
East Transvaal	2,916	1,163	2,265
Village Main	†170	142	255

* After receipt of State assistance. † Loss.

New line-up in ownership of Quintette Coal

IT IS reported from Tokyo that a group of 10 Japanese companies, mostly steel producers, is to acquire a 15 per cent stake in the C$550m (£390m) Canadian Quintette coking and steam coal project in northern British Columbia.

At present it is 46 per cent owned by Denison Mines, 12 per cent by Charbonnages de France (CDF), 21 per cent each by Mitsui and Tokyo Boeki.

After the 15 per cent acquisition by the new Japanese group, which includes Nippon Kokan, Nippon Steel, Kawasaki Steel, Sumitomo Metal Industries and Mitsubishi Chemical Industries, Denison will hold 50 per cent of Quintette leaving CDF with 12 per cent and Mitsui and Tokyo Boeki with the remaining 23 per cent.

Last year a consortium of Japanese steel and gas companies, including the steel manufacturers in the Nippon Kokan group, concluded an agreement to buy 115.5m tonnes of coal over 15 years from October 1983 when Quintette is expected to reach production.

SHARE STAKES

Hazlewoods Foods.—Following recent sales, Mr J. Lowe, director, holds 1,350,535 shares, Mr J. Collinson, director, 381,165 shares and Mr A. Hazlewood 17,500 shares.

Black Arrow makes some headway

WITH SECOND half pre-tax profits improving from £224,000 to £283,000, Black Arrow Group reports figures for the full year to March 31, 1982 up from £440,000 to £535,000. Turnover of this holding company with interests in leasing, wholesale and retail distribution of office furniture and equipment and distribution of electrical appliances, rose from £6.13m to £7.64m.

Mr Arnold Edward, the chairman, says sales and profits to-date in the current year are at a higher level than in the corresponding period last year, and he has no reason to assume, at this juncture, that profits for the full year to March 31, 1983 will not exceed those now reported.

The final dividend is raised from 1.6p to 1.75p for an increased total of 2.75p compared with 2.5p net.

The year's turnover included £2.11m (£1.48m) from leasing and instalment finance and £4.36m (£3.43m) from office furniture distribution, but electrical appliance distribution's share was down from £1.23m to £1.17m.

Tax was higher at £217,000 (£166,000), leaving attributable profits of £318,000 against £274,000. After dividends of £182,000 (£165,000), retained profits were £136,000 (£109,000).

On a CCA basis, pre-tax profits were up from £83,000 to £247,000.

Yearlings at 12%

The interest rate for this week's issue of local authority bonds is 12 per cent, down three-eighths of a percentage point from last week and compares with 14¼ per cent a year ago. The bonds are issued at par and are redeemable on July 27 1983.

A full list of issues will be published in tomorrow's edition.

RFD finishes 27% higher after second half pick-up

AS FORECAST at midway, when a fall in pre-tax profits from £373,000 to £356,000 was reported, second half results of RFD Group showed an improvement over the corresponding period and left the full year outcome some 27 per cent ahead from £813,000 to £1.04m.

Earnings per 10p share of this manufacturer of inflatable products, defence equipment, specialist weaving and coatings rose from 5.5p to 6.03p, and the dividend total is being maintained at 2.8p with a 2p net final.

Group turnover was static at £27.21m (£27.27m) with reductions in safety and survival and cable components being offset by improvements in the other divisions. As had been expected, both turnover and trading profits of the cable components division returned to more normal levels after the exceptional performance of last year.

This substantial reduction in trading profits was balanced by a good performance in defence equipment, where both parachute and weapons training product groups performed well, particularly in export markets.

Elsewhere, the continuing recession in the marine and aviation industries led to a substantial fall in profits from the safety and survival division, while in textiles the second half of the year showed a return to profitability, yielding a surplus for the year as a whole after a loss in 1980-81. Overall trading profits, at £1.54m (£1.52m), were similar to those of last year, despite the absence of the benefit of the cable components' exceptional result.

A breakdown of turnover and trading profits (£000s omitted) shows: cable components £3,164 (£4,531) and £259 (£925); defence equipment £8,744 (£7,759) and £974 (£98); safety and survival £8,456 (£9,490) and £199 (£651); and textiles £6,846 (£5,485) and £103 (£154 loss).

By the year end, borrowings had been substantially reduced, and this, coupled with lower interest rates, led to a fall in interest charged for the 12 months from £707,000 to £498,000.

There was a UK tax charge of £165,000 (£45,000 credit), an overseas tax charge of £83,000 (£32,000) and a prior year adjustment of £57,000 (£2,000). This left net profits at £876,000 compared with £628,000.

After minority interests and pre-acquisition profits of £50,000 (£34,000), exchange gains £40,000 (£56,000 loss) and goodwill on acquisitions written off this time as £24,000, the attributable balance came through at £842,000 (£738,000).

Preference dividends cost £4,000 (same) and with ordinary payments taking an unchanged £382,000, the transfer to reserves was £456,000 (£352,000).

On a current cost basis, the profit before tax was more than double that of the previous 12 months at £624,000 (£274,000), continuing the trend of steady improvement.

● comment

RFD's 27 per cent pre-tax improvement owes almost everything to a reduction in its working capital and borrowings. This highly volatile and diverse group of companies continued last year's pattern of firing on one of its four cylinders. This time, the star cylinder has been defence equipment, where pre-tax profits soared ten fold on turnover up by only 12.7 per cent. While the parachute and military clothing companies continued to turn in respectable results, mainly from supplying the Ministry of Defence, the main growth has come from training equipment. Increased Third World orders led to a substantial improvement in the second half and the order book is full for the next year. The company hopes to develop more advanced training systems and also wants to develop links with the UK police forces. The star of 1981, coatings and cable components, was badly hit by destocking in the high power cable industry in Australia and South Africa. The safety and survival division looks unlikely to improve until there is a general pick up in marine transport, and the textile business has little scope for price increases. At 55p the shares closed at 2p up and yield 7.4 per cent on a fully taxed p/e ratio of 15.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bank Leumi (UK), Birbid Qualcast, Drake and Scull, Gestetner, London and Lomond Investment Trust, Union Discount.

Finals: Aitken Hume, Associated British Engineering, London Investment Trust, Midland Trust.

FUTURE DATES

Interims—
Asfordon Bros. .... Aug 5
Bemrose .... July 30
Nottingham Manufacturing .... Aug 2
Plaxton Constructions .... July 29
Sheepe (W. N.) .... Aug 23
Ventone .... July 28
Weber .... July 28

Finals—
AAH .... July 26
De Brett (Andre) .... July 22
Equipu .... July 23
Formminster .... July 29
Kleen-E-Ze .... July 30
Macarthys Pharmaceuticals .... July 28
Security Centres .... July 28
Sentrust .... Aug 5

Whitbread sales ahead of forecast

SALES were running ahead of forecasts made last October, Mr Charles Tidbury, chairman of Whitbread and Company told members at the annual meeting of this brewer. He noted that lager, in particular, was doing well.

While there had been no improvement in the last six weeks in the country as a whole, Mr Tidbury said he believed that things were on the turn. "In the last few weeks there have been some encouraging signs that we may be through the worst," he said, "and we can allow ourselves a moderate degree of optimism."

Mr Tidbury said that the company had been trying to protect margins and keep costs down. "We have never liked putting up prices," he said, "and we have, therefore, tried to hold prices in each area for as long as possible; in most cases for at least a year."

International trade continued to be difficult he said, but pointed out that Long John brand was still doing well, with an improved market share in west Europe. Scoresby Rare, a whisky made in California, had increased sales by more than 20 per cent over the first quarter of last year.

"Stowell's wine box, a new way of marketing wine in this country, has started well and remains ahead of the field," said Mr Tidbury. He added that expansion in catering had been successful and rapid progress had been made with the Beefeater chain.

The year had started well at Allied-Lyons, Sir Derrick Holden-Brown told the annual meeting. He said this was the effect of sustained efforts to improve efficiency at this brewer, vintner and hotelier. "We are on target for a satisfactory first half and present trends indicate a successful outcome for the year as a whole," he said.

He pointed out that earlier signs of an upturn in the economy seemed less clear and dull conditions prevailed in world markets.

Financial affairs continued well with a further improvement in gearing as in the two previous years. "We have averaged over £90m per year on capital expenditure during the last three years," said Sir Derrick, "most of it within the UK and we shall be continuing this high rate of investment without increasing our overall borrowings."

The acquisition of Lyons had given the group the opportunity to create its food division. Changes were prompted in other divisions which resulted in "more rational" structures.

Profits slip for Radiant

PRE-TAX profit at Radiant Metal Finishing for the year to February 28 1982 slipped from £183,194 to £122,105, on turnover down from £817,112 to £812,819. The directors are recommending a final net dividend of 1p per 12½p share, making a total dividend of 2p, down by 1p from last year.

Trading profit for the company, which undertakes electroplating and metal finishing, fell to £21,091 (£91,817), other income provided £70,008 (£77,328) and net profit on realisation of investments came to £31,006 (£19,049). Tax took £36,958 (£94,703), leaving retained earnings for the year of £57,947 (£52,691).

Pre-tax operating profit on a CCA basis was £88,614 (£165,828) and current cost profit attributable to shareholders comes through at £51,556 (£71,125).

LONDON TRADED OPTIONS

July 20 Total Contracts 3,222 Calls 2,677 Puts 545

Option	Ex'rcise price	July Closing offer	Vol.	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	Equity close
BP (c)	260	13	16	26	2	34	5	266p
BP (c)	280	2	—	15	17	22	5	"
BP (c)	300	½	—	8	3	14	—	"
BP (c)	330	¼	5	4	—	5	40	"
BP (p)	260	4	6	9	—	13	—	"
CU (c)	130	14	32	19	—	22	—	144p
CU (c)	140	4	48	11½	16	16	4	"
CU (c)	160	1½	—	5½	15	—	—	"
Cons. Gld (c)	300	90	1	95	—	100	—	384p
Cons. Gld (c)	330	60	—	67	—	74	2	"
Cons. Gld (c)	360	30	15	45	2	54	—	"
Cons. Gld (c)	390	7	8	18	26	30	—	"
Cons. Gld (c)	420	1½	2	8	3	18	—	"
Cons. Gld (p)	360	4	—	16	11	27	1	"
Cons. Gld (p)	390	16	—	27	15	35	—	"
Ctlds. (c)	60	21	10	—	—	—	—	80p
Ctlds. (c)	80	3	180	9	3	12	15	"
Ctlds. (c)	90	1	—	5	22	7	—	"
GEC (c)	700	360	15	—	—	—	—	£10½
GEC (c)	800	260	15	275	—	295	—	"
GEC (c)	950	110	1	128	—	150	—	"
GEC (c)	1000	60	22	85	25	108	—	"
GEC (c)	1100	4	1	40	48	68	2	"
GEC (p)	950	1	—	8	25	23	1	"
GEC (p)	1000	2	2	20	2	35	2	"
Gr'd Met. (c)	200	44	—	49	—	52	5	243p
Gr'd Met. (c)	214	30	131	34	17	38	—	"
Gr'd Met. (c)	220	24	—	30	2	34	2	"
Gr'd Met. (c)	240	6	25	14	40	18	45	"
Gr'd Met. (p)	214	½	—	4	50	5	—	"
Gr'd Met. (p)	220	1	—	6	1	7	—	"
Gr'd Met. (p)	240	6	—	12	5	15	110	"
ICI (c)	280	28	—	36	10	44	—	306p
ICI (c)	300	10	4	26	4	34	—	"
ICI (c)	330	2	—	10	—	18	12	"
ICI (p)	280	1	—	5	10	8	—	"
ICI (p)	300	3	4	10	95	17	—	"
ICI (p)	330	26	24	30	1	36	—	"
ICI (p)	360	56	1	60	—	—	—	"
Land Sec. (c)	260	19	6	29	4	37	—	277p
Land Sec. (c)	280	5	—	18	46	25	—	"
Land Sec. (c)	300	¼	—	9	2	15	—	"
Mks & Sp. (c)	120	42	3	—	—	—	—	161p
Mks & Sp. (c)	140	22	5	28	—	31	—	"
Mks & Sp. (c)	160	5½	27	11	121	17	—	"
Shell (c)	390	16	11	29	4	38	—	400p
Shell (c)	420	3	—	17	11	28	—	"
Shell (p)	390	5	—	15	1	19	—	"
Shell (p)	420	20	—	28	—	34	15	"
		August		November		February		
Barclays (c)	350	40	1	47	—	—	—	385p
Barclays (c)	383	15	5	27	1	—	—	"
Barclays (c)	390	9	6	20	2	33	—	"
Barclays (c)	417	2	20	5	10	—	—	"
Barclays (p)	360	5	—	9	60	12	—	"
Imperial (c)	80	20½	12	23½	—	—	—	100p
Imperial (c)	90	10	33	13½	10	16	—	"
Imperial (c)	100	3	245	7½	28	9½	22	"
Imperial (c)	110	¼	—	3	2	5½	—	"
Imperial (p)	100	2	20	5½	13	6½	—	"
Imperial (p)	110	11½	—	13	—	13½	5	"
Lasmo (c)	300	16	2	34	1	50	—	304p
Lasmo (c)	330	6	5	24	2	34	—	"
Lonrho (c)	70	17	5	18	4	20	—	86p
Lonrho (c)	80	7½	35	11	21	12½	6	"
Lonrho (c)	90	3¼	381	6	16	7	30	"
Lonrho (c)	70	2	4	2½	—	4	—	"
Lonrho (p)	90	6	—	8	5	11	4	"
P & O (p)	130	25	—	31	6	—	—	154p
P & O (c)	140	15	9	21	4	25	—	"
P & O (c)	160	2	40	8	20	12	—	"
Racal (c)	330	—	—	175	11	—	—	486p
Racal (c)	420	70	20	88	7	105	—	"
Racal (c)	460	30	15	50	22	65	2	"
Racal (c)	500	12	84	23	92	35	—	"
Racal (p)	500	20	5	30	—	40	—	"
RTZ (c)	360	40	—	62	9	75	—	399p
RTZ (c)	390	20	16	35	3	47	2	"
RTZ (c)	420	6	2	22	10	35	—	"
RTZ (c)	460	1½	—	17	7	18	—	"
RTZ (c)	500	1	2	—	—	—	—	"
RTZ (p)	360	3	—	9	15	16	—	"
RTZ (p)	390	12	25	24	—	30	—	"
Vaal Rfs. (c)	40	9¼	5	9½	—	11	—	$48
Vaal Rfs. (c)	45	4½	5	6	—	8	—	"
Vaal Rfs. (c)	50	2	—	3½	1	4½	2	"
Vaal Rfs. (p)	40	1½	—	3	5	4	—	"
Vaal Rfs. (p)	45	2½	—	5	2	6	2	"

C=Call P=Put

ANGLOVAAL GROUP

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures are unaudited.
Rate of exchange on 30 June 1982, R1,00 = £0,51 £1,00 = R1,96.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Mining companies' reports – Quarter ended 30 June 1982

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each.

		Quarter ended 30 June 1982	Quarter ended 31 March 1982	Financial year ended 30 June 1982
Operating results				
Gold				
Ore milled	t	75 300	75 000	305 800
Gold recovered	kg	597,39	585,00	2 343,08
Yield	g/t	7,9	7,8	7,7
Revenue	R/t milled	92,67	86,51	92,82
Costs	R/t milled	47,90	44,95	43,85
Profit	R/t milled	44,77	41,56	48,97
Revenue	R000	6 978	6 488	28 386
Costs	R000	3 607	3 371	13 410
Profit	R000	3 371	3 117	14 976
Financial results		R000	R000	R000
Working profit – gold mining		3 371	3 117	14 976
Non-mining profit (loss)		482	(130)	842
		3 853	2 987	15 818
Prospecting expenditure and stores adjustment		890	295	1 593
Profit before taxation		2 963	2 692	14 225
Taxation		48	1 529	5 975
Profit after taxation		2 915	1 163	8 250
Capital expenditure		2 304	869	3 881
Dividends		2 158	—	4 743
		4 462	869	8 629
State loan levy refund		100	—	100
		4 362	869	8 529
Development				
Advanced	m	1 924	2 076	8 317
Sampling results:				
Sampled	m	1 018	1 416	5 472
Channel width	cm	213	207	201
Channel value	g/t	8,5	7,5	7,1
	cm.g/t	1 807	1 546	1 437

Ore reserves
The total ore reserves at all mines at 30 June 1982, based on a gold price of R11 500 per kilogram, are estimated as follows:

Tonnage	t	1 421 800
Stoping width	cm	156
Value	g/t	10,7
	cm.g/t	1 676

Dividend
Final dividend No. 64 of 50 cents per share was declared in June 1982, making a total of 110 cents per share for the financial year.

Capital expenditure
Outstanding commitments at 30 June 1982 are estimated at R2 112 000 (31 March 1982: R2 283 000).

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

	Quarter ended 30 June 1982	Quarter ended 31 March 1982	Six months ended 30 June 1982
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	1 529	2 537	4 066
Gold sales	1 441	1 395	2 836
Sundry mining income	42	24	66
	3 012	3 956	6 968
Working costs	4 671	4 707	9 378
Working loss	1 659	751	2 410
Non-mining income	352	87	439
	1 307	664	1 971
Prospecting expenditure	72	77	149
Loss before taxation	1 379	741	2 120
Taxation	—	—	—
Loss after taxation	1 379	741	2 120
Capital expenditure	545	506	1 051
Dividends	—	—	—
	545	506	1 051

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
Final dividend No. 70 of 60 cents per share, declared in December 1981, was paid in January 1982. No dividend was declared in June 1982.

Capital expenditure
Outstanding commitments at 30 June 1982 are estimated at R Nil (31 March 1982: R327 000).

General
As announced on 26 June 1982, the Company is reducing production and limited retrenchment of personnel is taking place.
It has been customary in the past for the Company to publish operating results detailing the quantity of minerals produced and sold. After due consideration, the board has decided that the publication of this information is detrimental to the Company's marketing operations and, consequently, the interests of shareholders. This information will, accordingly, no longer be published.

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

		Quarter ended 30 June 1982	Quarter ended 31 March 1982	Financial year ended 30 June 1982
Operating results				
Gold				
Ore milled	t	744 000	697 000	2 950 000
Gold recovered	kg	7 700,01	7 248,90	30 094,18
Yield	g/t	10,3	10,4	10,2
Revenue	R/t milled	121,52	118,15	125,09
Costs	R/t milled	58,67	60,07	58,04
Profit	R/t milled	62,85	58,08	67,05
Revenue	R000	90 409	82 350	369 004
Costs	R000	43 654	41 866	171 210
Profit	R000	46 755	40 484	197 794
Uranium oxide				
Pulp treated	t	744 000	697 000	2 950 000
Oxide produced	kg	104 136	108 601	427 206
Yield	kg/t	0,14	0,16	0,14
Financial results		R000	R000	R000
Working profit – gold mining		46 755	40 484	197 794
Profit from sales of uranium oxide, pyrite and sulphuric acid		2 623	5 566	13 494
Non-mining income		3 885	3 986	15 190
		53 263	50 036	226 478
Interest paid, stores adjustment and service benefits		936	295	1 800
Net royalty payments (receipts)		254	102	(104)
Profit before taxation and State's share of profit		52 073	49 639	224 782
Taxation and State's share of profit		17 871	37 641	122 965
Profit after taxation and State's share of profit		34 202	11 998	101 817
Capital expenditure		14 065	6 195	29 510
Loan repayments		3 076	23	3 160
Dividends		30 800	—	72 800
		47 941	6 218	105 470
State loan levy refund		3 660	—	3 660
		44 281	6 218	101 810
Development				
Advanced	m	12 842	10 472	51 281
Sampling results on Vaal reef:				
Sampled	m	1 586	2 292	7 690
Channel width	cm	55	50	51
Channel value – gold	g/t	25,3	32,5	28,4
	cm.g/t	1 400	1 620	1 451
– uranium oxide	kg/t	0,49	0,51	0,49
	cm.kg/t	26,91	25,48	24,92

Ore reserve
The total ore reserve at 30 June 1982, based on a gold price of R11 500 per kilogram, is estimated as follows:

Tonnage	t	14 649 000
Stoping width	cm	117
Value – gold	g/t	12,3
	cm.g/t	1 442
– uranium oxide	kg/t	0,23
	cm.kg/t	26,29

Dividend
Final dividend No. 53 of 275 cents per share was declared in June 1982, making a total of 650 cents per share for the financial year.

Capital expenditure
Outstanding commitments at 30 June 1982 are estimated at R82 967 000 (31 March 1982: R30 335 000).

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each

		Quarter ended 30 June 1982	Quarter ended 31 March 1982	Financial year ended 30 June 1982
Operating results				
Ore milled	t	700 000	678 000	2 784 000
Concentrates produced				
Copper	t	26 079	24 447	96 811
Zinc	t	28 725	31 814	133 359
Concentrates despatched				
Copper	t	30 745	22 560	115 112
Zinc	t	33 697	38 143	136 111
Financial results		R000	R000	R000
Operating (loss) profit		(1 131)	1 023	1 098
Non-mining income		932	201	1 401
		(199)	1 224	2 499
Interest paid and exchange loss on foreign loan		721	63	987
Net (loss) profit		(920)	1 161	1 512
Loan repayments		1 278	—	2 557
Capital expenditure		912	1 227	3 767
		2 190	1 227	6 324
Development				
Advanced	m	5 601	5 557	23 331

Prieska Copper Mines (Proprietary) Limited (continued)

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating loss/profit takes into account adjustments following final price determinations on despatches made during previous quarters.

11 per cent debentures
The 10th and final series of the R12 500 000 debentures was redeemed on 30 June 1982.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 30 June 1982 are estimated at R306 000 (31 March 1982: R679 000).

General
Attention is drawn to the announcement made on 11 May 1982 regarding the mine's remaining life which is estimated to be approximately 3 years.

Loraine Gold Mines, Ltd.

Issued capital 15 366 986 shares of R1 each

		Quarter ended 30 June 1982	Quarter ended 31 March 1982	Nine months ended 30 June 1982
Operating results				
Gold				
Ore milled	t	404 000	392 000	1 206 000
Gold recovered	kg	2 060,88	1 796,15	5 697,13
Yield	g/t	5,1	4,6	4,7
Revenue	R/t milled	59,16	52,44	56,97
Costs	R/t milled	57,56	55,67	55,96
Profit (loss)	R/t milled	1,60	(3,23)	1,01
Revenue	R000	23 901	20 556	68 711
Costs	R000	23 254	21 821	67 483
Profit (loss)	R000	647	(1 266)	1 228
Financial results		R000	R000	R000
Working profit (loss) – gold mining		647	(1 266)	1 228
Profit (loss) from sales of uranium oxide and pyrite, and treatment of stockpiled calcines		539	(31)	508
Non-mining income		1 191	2 335	4 176
State assistance		6 547	2 433	9 514
		8 924	3 471	15 426
Interest paid		549	379	1 308
Tributing royalty payable		6	80	211
Profit		8 369	3 012	13 907
Capital expenditure		9 789	6 410	21 894
Loans received		3 375	579	5 928
		6 414	5 831	15 966
Loan repayments		198	21	253
		6 612	5 852	16 219
Development				
Advanced	m	8 177	7 286	21 827
Sampling results: "B" and "A" reefs				
Sampled	m	68	156	292
Channel width	cm	64	51	44
Channel value	g/t	27,4	5,6	15,0
	cm.g/t	1 742	286	664
Basal reef				
Sampled	m	660	420	1 536
Channel width	cm	8	8	8
Channel value	g/t	94,9	59,0	81,5
	cm.g/t	797	484	676
Elsburg reefs				
Sampled	m	760	414	1 402
Channel width	cm	117	106	117
Channel value	g/t	5,7	13,6	7,5
	cm.g/t	669	1 450	884
Total – all reefs				
Sampled	m	1 488	990	3 230
Channel width	cm	67	60	59
Channel value	g/t	11,6	15,3	13,0
	cm.g/t	774	858	765

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 30 June 1982 are estimated at R10 466 000 (31 March 1982: R19 038 000).

Shaft sinking
No. 1C sub-vertical shaft was sunk 129,3 metres to a depth of 256,2 metres below 52 level and concrete-lined to a depth of 237,5 metres. The stations on 57 and 60 levels were excavated and concrete-lined.

State assistance
State assistance for the current quarter and the year to date includes the applicable portion of allowed capital expenditure incurred during the current quarter and the six month period ended 31 March 1982 not previously taken into account.

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

21 July 1982

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	47	30	—	—	—	—	$347.75
GOLD C	$350	23	11	44	28	14	40 B	"
GOLD C	$375	74	4	29	18	—	—	"
GOLD C	$400	8	1.50	—	—	—	—	"
GOLD P	$300	200	1.50	—	—	—	—	"
GOLD P	$325	16	5 A	7	13	—	—	"
GOLD P	$350	31	15 A	4	22	—	—	"
12¾ NL 81 87-91								
C	F.110	—	—	1	3.30	9	3.80	F.112.50
C	F.112.50	300	0.80	16	1.80	4	2.20	"
P	F.112.50	27	1	—	—	—	—	"
10¾ NL 80 86-95								
C	F.100	—	1.50	—	—	43	2.90	F.101.40
P	F.102.50	40	—	—	—	—	—	"
11¼ NL 82 88-92								
C	F.102.50	40	1.20	—	—	—	—	F.103.10
C	F.107.50	—	—	200	0.40	—	—	"
P	F.105	—	—	2	2.50	—	—	"
10 NL 82 86-89								
C	F.97.50	50	2.30	—	—	—	—	F.99.30
C	F100	—	—	—	—	200	2	"
		Oct.		Jan.		Apr.		
ABN C	F.300	8	2	—	—	—	—	F.276.50
ABN P	F.280	3	11	—	—	—	—	"
AKZO C	F.25	110	1.20	45	1.80	—	—	F.24.70
AKZO C	F.27.50	10	0.50	—	—	—	—	"
AKZO C	F.32.50	5	0.20	—	—	—	—	"
AKZO P	F.25	—	—	101	1.30	—	—	"
AKZO P	F.27.50	10	3.50	—	—	—	—	"
AMRO C	F.45	3	2.20	3	4	5	3.50	F.46
AMRO C	F.50	5	0.80	—	—	—	—	"
AMRO P	F.45	—	—	5	—	—	3.50	"
HEIN C	F.60	35	2.40	5	2.60 A	10	—	F.59.70
HEIN P	F.60	2	2.50	—	3.20 B	—	—	"
HOOG P	F.15	—	—	—	—	5	1	F.16.50
IBM C	$65	1	3¾	—	—	—	—	$65⅝
KLM C	F.80	5	10.80	—	—	—	—	F.87.10
KLM C	F.90	41	4.60 B	1	8	12	8.50	"
KLM C	F.100	32	2.40	5	4	3	5.50	"
KLM C	F.110	27	1.10	—	—	—	—	"
KLM C	F.120	—	—	2	1.30	—	—	"
KLM P	F.80	60	2.30	—	—	—	—	"
KLM P	F.90	13	7	—	—	3	10	"
KLM P	F.100	13	14 A	—	—	—	—	"
NEDL C	F.110	2	6.50	2	8.80	—	—	F.112.50
NEDL C	F.120	—	—	3	4.40	5	6.50	"
NEDL C	F.130	—	—	7	1.80	—	—	"
NEDL C	F.140	15	0.40	—	—	—	—	"
NEDL P	F.110	4	2	2	4.20	—	—	"
NATN C	F.120	—	—	2	1.70	—	—	F.116.60
PHIL C	F22.50	10	1.80	60	2.20	—	—	F.23.50
PHIL C	F.25	469	0.60	105	1	21	1.10	"
PHIL P	F.22.50	91	0.40	23	0.80	25	1.30	"
RD C	F.90	167	2.50	63	3.60	82	4.70 B	F.86.80
RD C	F.100	10	0.50	7	1.30	—	—	"
RD P	F.80	388	1.30	12	2.40	3	2.70	"
RD P	F.90	15	7	4	7.20	—	—	"
RD P	F.100	18	14.80	—	—	—	—	"
UNIL C	F.160	10	1.40	—	—	—	—	F.150.50
UNIL P	F.140	7	1.10	—	—	—	—	"
UNIL P	F.150	2	3.70	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI P	$20	10	3	—	—	—	—	$16⅞

TOTAL VOLUME IN CONTRACTS 3656

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	Robert Fraser	13 %
Allied Irish Bank	12 %	Grindlays Bank	‡12 %
Amro Bank	12 %	■ Guinness Mahon	12 %
Henry Ansbacher	12 %	■ Hambros Bank	12 %
Arbuthnot Latham	12 %	Hargrave Secs. Ltd.	12 %
Associates Cap. Corp.	12 %	Heritable & Gen. Trust	12 %
Banco de Bilbao	12 %	■ Hill Samuel	§12 %
BCCI	12 %	C. Hoare & Co.	†12 %
Bank Hapoalim BM	12 %	Hongkong & Shanghai	12 %
Bank of Ireland	12 %	Kingsnorth Trust Ltd.	13 %
Bank Leumi (UK) plc	12 %	Knowsley & Co. Ltd.	12½%
Bank of Cyprus	12 %	Lloyds Bank	12 %
Bank Street Sec. Ltd.	13½%	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13½%
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Brit. Bank of Mid. East	12 %	P. S. Refson & Co.	12 %
■ Brown Shipley	12½%	Roxburghe Guarantee	12½%
Canada Perm't Trust	13 %	Slavenburg's Bank	12 %
Castle Court Trust Ltd.	13½%	Standard Chartered	‖12 %
Cavendish G'ty T'st Ltd.	13 %	Trade Dev. Bank	12 %
Cayzer Ltd.	12 %	Trustee Savings Bank	12 %
Cedar Holdings	12 %	TCB	12 %
■ Charterhouse Japhet	12½%	United Bank of Kuwait	12 %
Choulartons	13 %	Volkskas Intl. Ltd.	12 %
Citibank Savings	¶12½%	Whiteaway Laidlaw	12½%
Clydesdale Bank	12 %	Williams & Glyn's	12 %
C. E. Coates	13 %	Wintrust Secs. Ltd.	12 %
Comm. Bk. of Nr. East	12 %	Yorkshire Bank	12 %
Consolidated Credits	12½%		
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E.T. Trust	12 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9¾%, £50,000 and over 10½%.
‡ Call deposits £1,000 and over 9%.
‖ 21-day deposits over £1,000 10%.
§ Demand deposits 9%.
¶ Mortgage base rate.

APPOINTMENTS

Top men join NatWest regional boards

Mr Esmond Bulmer, chairman of H. P. Bulmer Holdings and MP for Kidderminster, has been appointed a director of NATIONAL WESTMINSTER BANK'S West Midlands and Wales regional board. Mr Colin Corness, chairman of Redland, becomes a director of the Bank's south-east regional board, while Mr Nicholas Wills, managing director of British Electric Traction Company, has been made a director of national Westminster's City and West End regional board.

★

Mr Tom E. Fisher has been appointed chairman and chief executive of the TRIDENT INSURANCE GROUP. He succeeds Mr A. F. Noyes who becomes a non-executive director. From 1975 to 1980, Mr Fisher was

Mr Tom E. Fisher, chairman and chief executive of Trident Insurance Group

deputy chairman and group chief executive of the Thomas Cook Group and between 1967 and 1975 he was managing director of Forward Trust and a director of Midland Bank Finance Corporation. He also served as chairman and chief executive of Midland Montague Leasing, 1973-75. Mr Fisher will continue as non-executive chairman of the Lillywhite Group of companies which are wholly-owned by the Trust House Forte Group.

★

Mr A. A. Mitchener, a director of Lombard North Central, has been appointed chairman of the EQUIPMENT LEASING ASSOCIATION in succession to Mr Leslie Christmas, financial direc-

Mr A. A. Mitchener, chairman of the Equipment Leasing Association

tor of Bowmaker, who has completed his term of office. Mr David Beever, a senior general manager of S. G. Warburg & Co. and a director of its leasing subsidiary British Industrial Corporation (Leasing), has been appointed vice-chairman of the Association. Mr Mitchener, who also becomes chairman of the Association's management committee, is deputy head of Lombard North Central's credit finance division. Before joining Warburgs in 1969 Mr Beever was head of leasing at Industrial & Commercial Finance Company.

TEXACO has appointed Mr James L. Dunlap as director and chairman of Stations Supreme, believed to be the largest directly managed chain of service stations in the UK, with just over 320 sites. Mr Dunlap also becomes vice-chairman of Texaco. He was previously vice-president of Texaco Inc, based in New York. Mr T. B. H. Brunner has been appointed general manager, petrochemicals department. Mr Brunner, who previously was commercial manager, replaces Mr R. M. Roach, who has returned to the U.S. as general manager, marketing for Texaco Chemical Company.

★

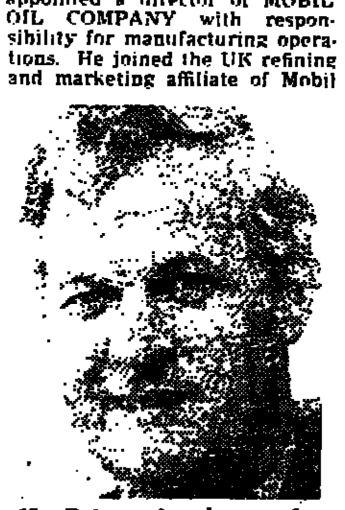
Mr Harold Webster has been appointed a director of Cayzer, Irvine (Group Finance) and Air Holdings (Finance), both in the BRITISH AND COMMONWEALTH SHIPPING COMPANY group.

★

LEE COOPER GROUP chairman, Mr J. P. Koppel, because of increasing pressure from other commitments has asked to be released as director and chairman on August 31. Mr Pierre Pouillot, deputy chairman and managing director will act as chairman until a new appointment is made.

★

Mr Robert J. Angel has been appointed a director of MOBIL OIL COMPANY with responsibility for manufacturing operations. He joined the UK refining and marketing affiliate of Mobil



Mr Robert Angel, manufacturing operations director of Mobil Oil

Oil Cpo in 1981 to manage the Coryton, Essex, refinery, Mobil's most important manufacturing facility outside the U.S. He had previously been general manager of Mobil Oil Cyprus. Since joining Mobil in 1967 he has held various refinery management and planning and supply positions in his native Australia, in Singapore, and in corporate headquarters in New York.

★

Dr David Player, director of the Scottish Health Education Group, is to be the new director general of the HEALTH EDUCATION COUNCIL from November 1.

★

Mr Anthony Frodsham, recently retired director-general of the Engineering Employers' Federation, will join the board of F. PRATT ENGINEERING CORPN on July 29 as a non-executive director.

★

The BRITISH FROZEN FOOD FEDERATION has appointed Mr A. A. Carr as secretary-general in succession to the late Mr

★

Mr John Elton and Mr David Linsall have joined the board of FAMOUS NAMES (HOLDINGS) as non-executive directors. This is an independent company created a year ago following an £8m management buy-out of Sir James Goldsmith's Cavenham Confectionery. Mr Elton was appointed managing director of Alcan (UK) in 1962 and chairman in 1974. In 1977 he relinquished the chairmanship, while remaining on the board. He is a member of the board of Hill Samuel, and is a director of Consolidated Gold Fields, the Arab-British Chamber of Commerce, Oceonics and chairman of Underwater and Marine Equipment. Mr Linnell is the creator and former managing director of Linfood Holdings. From 1976 to 1979, he was also chairman of Spar Food Holdings, and is currently chairman of the Eggs Authority.

★

Following the retirement of Mr G. B. Murray from the board of THE DISTILLERS COMPANY, Mr R. K. Martin, a director has been appointed chairman of the group's scotch whisky production committee. He also becomes chairman of Scottish Grain Distillers and Scottish Malt Distillers, the scotch whisky production subsidiaries.

★

Mr Len Clive (Kim) Taylor will become director of the UK branch of THE CALOUSTE GULBENKIAN FOUNDATION on October 18. Mr Taylor, head of educational programme services, Independent Broadcasting Authority, succeeds Mr Peter Brinson who moves in October to become principal lecturer in the sociology of dance and head of the department of research and community development at the Laban centre for movement and dance in New Cross, Lewisham. Mr Brinson remains director of the UK branch until October 17 and will work closely with Mr Taylor during the next three months to hand over his Foundation responsibilities.

★

Mr G. P. Clancy, general manager of Riggs National Bank London branch

Mr G. P. Clancy, a senior vice president of RIGGS NATIONAL BANK of Washington DC, has been appointed general manager of the London branch.

CONTRACTS

£35m pipeline order awarded to AG Noell

Statoil as operator for the Statpipe Group has awarded the contract for the construction of the tank farm at Kaarstoe in the West German company AG NOELL. The contract covers the construction of six large storage tanks at Kaarstoe for the storage of propane, n-butane and i-butane. The Norwegian company Per Thor Fundamentering is cooperating with Noell for the construction and technical work at Kaarstoe. The contract also specifies that Noell as far as possible will use Norwegian subcontractors. The total value of the contract is about NKr 385m (£35m), about NKr 200m (about [illegible]) of which is expected to go to Norwegian deliveries. Construction of the tank farm is scheduled for the end of 1984. The entire terminal should become operational by January 1 1986. Noell is a company within the West German Salzgitter Group.

AUSTIN ROVER GROUP has repeated its success of last year by winning another contract with the Post Office, which has placed an order for 1,200 of the new Morris Ital 440 van. Worth over £4.9m, deliveries of the vans will start in September.

DOWTY MECO has received a £500,000 contract from Mixconcrete Aggregates for a 2-mile (4.2 km) long belt conveyor system to move sand and gravel into processing plant at Earls Barton quarry. The 750 mm wide belt conveyor will run along a disused railway track hauling sand and gravel at a rate of 360 tons per hour.

PRESS CONSTRUCTION has won a contract worth £300,000 for the final part of the fourth Scottish natural gas feeder pipeline. The contract, awarded by British Gas, covers the building of a large pigging station at the St Fergus end of the line. The project will entail construction of the station plinth, assembly of the 30 ft-long trap from prefabricated units, its connection to the line, and all hydrostatic pressure testing. Site work started in late May and completion is scheduled for September.

Ritchies Equipment, of Dunblane, Perthshire, has been narrowly beaten by the Japanese contractor AOKI for a £45m rock excavation and reclamation contract in Hong Kong. The contract, awarded by the Mass Transit Railway Corporation (MTRC) was for the Kornhill Development of the Island Line extension of Hong Kong's mass transit underground railway system. The contract was originally due to be awarded on June 11 but due to the very close tenders of Ritchies and Aoki, this was extended until July 10. On this date Ritchies believed it was in a favourable situation. It had arranged a financial package which matched the Japanese and was also preferred technically by the client and his consultants, according to Ritchies. At the last minute, the Japanese are believed to have offered a price reduction of almost 10 per cent in conjunction with an alternative technique. Ritchies could not match this reduced price. For the tender, Ritchies were leading a joint venture with Interbeton of Holland and Hsin Chong of Hong Kong.

WILLIAM MITCHELL (SINKERS), Smethwick, has won a major order to produce elements for the fully fashioned knitting machines produced by S.A. Monk of Mansfield.

Monk previously purchased elements from other manufacturers and the order, for many thousands of sinkers, strikers, and knockover bits is worth £45,000.

UK COMPANY NEWS

Winding up orders for 48 companies

COMPULSORY winding-up orders against 48 companies were made by Mr Justice Nourse in the High Court yesterday. They were:

Vogue By Jack Glazer (1969), Castle Pools, Lushlynn, Jeremy Rogers, Gonzolo, Alongrade.

Ashfield Business Centre, Richard S. Davies (Builders), Sheringham, Midland Plastics, Frank Bold, Ask Communications, Builders Business Services.

Tenton, Rebuild Autos Company, African Buyer and Trader Publications, Cacti (Industrial Cleaning), Thornlock, Valleyminster.

Redspring, Parnell Messett Associates, Alfred N. Blom, H. Medland (Enfield), MET Sales (London), Potex.

Wong's Garden Company, Miss Muffet, Douglas Molyneux and Co., F and M Builders, Richard Croxford (Builders), Chilcroft.

Winisk, D.R.H. Construction, Airfix Industries, Rarepower, Chrispart, Amin and Salim (London).

Eureka Industrial Cleaning, Tamea Photo Services, Cardenbeck, Longdean Builders, Second City Flooring, Stud Custom Knives, Lexlane.

Miklen Ironworks, SMS Transport, Stratford Freight Services, El-Vee Motor Homes, and Spreadwell.

A compulsory winding-up order made on July 12 against Able Services (Refrigeration and Air Conditioning) was rescinded and the petition dismissed. The company had already been wound up in the county court on June 16.

RESULTS IN BRIEF

HALMA (maker of safety systems and environmental control equipment)—Results for 53 weeks to April 3 1982 reported June 30. Shareholders' funds £5.09m (£4.77m); loans £1.11m (£924,000); fixed assets £2.98m (£2.76m): net current assets £3.54m (£3.32m): increase in net liquid funds £945,000 (£502,000). Meeting: Dorchester Hotel, W. August 4, noon.

BRENGREEN (HOLDINGS) (contract cleaning)—Results for year to March 27 1982 and prospects reported June 25. Shareholders' funds £6.25m (£3.63m). Net assets £8.95m (£5.19m). Auditors note in their report that included in debtors at balance sheet date is sum of £57,000 which is the subject of litigation, the outcome of which cannot be ascertained. Auditors also say that trading losses of no more than £74,000 have been charged as an extraordinary item in reporting results for the year, contrary to requirements of SSAP 6. This amount is therefore not reflected in statement of profits before tax and loan stock interest. Meeting: Great Eastern Hotel, EC, July 22, at 10 am

A. COHEN & CO. (manufacturer of non-ferrous metal ingots and other metal products)—Results for 1981 reported June 12 1982. Shareholders' funds £10.32m (£8.78m). Fixed assets £3.39m (£2.98m); associate companies £1.93m (£1.46m). Current assets £12.59m (£10.45m), including short term deposit £0.83m (nil). Current liabilities £5.32m (£4.83m), including bank overdrafts £1.22m (£0.8m). Total net assets £11.85m (£9.94m). Increase in working capital £785,000 (£278,000). Chairman says he feels the future is bright, but some patience may still be needed. Meeting, 8, Waterloo Place, SW, August 10, at noon.

Winterbottom Energy Trust: Net asset value per 5p share at close of business on July 16 1982 was 50.6p after deduction of prior charges at par and 53.3p after deduction of prior charges at market value.

MORLAND SECURITIES (formerly Malaysiam Tin)—Results for year ended March 31 1982: turnover £49,500 (—), profit before tax £43,791 (£48,707), tax £15,527 (£11,272), retained £15,334 (£28,490). Earnings per 5p share 3.68p (5.85p). Final dividend 2p net. Trading results include three months contribution from subsidiaries acquired on December 31 1981.

ROBERT JENKINS (HOLDINGS) (process plant)—Results for year ended March 31 1982 reported July 14. Group fixed assets £4.68m (£4.72m). Net current assets £1.91m (£1.94m). Shareholders' funds £6.43m (£5.64m). Decrease in working capital £197,828 (£8,015 increase). Net liquid funds increased £910,619 (£977,451 decrease). Meeting, Rotherham, August 5, noon.

BROWN AND TAWSE (steel and tube stockholder and processor)—Results for year ended March 31 1982 with prospects reported June 29. Group net current assets £18.47m (£15.19m). Fixed assets £12.04m (£11.65m). Shareholders' funds £27.99m (£26.4m). Working capital increased £1.72m (£0.57m). Meeting, Dundee, August 11.

EASTERN PRODUCE (plantation, trading and agency, and insurance broking group)—Results for 1981 reported June 5. Group shareholders' funds £18.72m (£14.84m). Fixed assets £14.36m (£6.27m). Net current assets £1.02m (£0.77m). Meeting, Sir John Lyon House, EC, on July 20, at noon.

Expansion for Dunlop S. Africa at midway

Despite management's caution at the start of the year Dunlop South Africa, the 51 per cent-owned subsidiary of Dunlop Holdings, increased profits by 29 per cent in the six months ended June 30 1982 to R17.1m against R13.2m, and R30.8m for the whole of last year.

The advance, management says, was due to sustained activity in the tyre and consumer goods divisions as well as improved productivity and cost efficiency. The directors expect that second-half earnings will, as usual, be greater than the first half, but they warn that the rate of increase will probably decline.

In June last the company completed a R15.5m rights issue of 2.7m ordinary shares. This is to be used to assist in the funding of a R58m capital programme.

ASSOCIATE'S DEAL

On July 19 1982, S. G. Warburg and Company, as an associate of Johnson Group Cleaners, sold on behalf of discretionary investment clients 50,000 ordinary 10p shares of Sunlight Services Group at 106p.

COMMODITIES AND AGRICULTURE

Europe exports more sugar

BRUSSELS — The European Commission authorised the export of 33,400 tonnes of white sugar at a maximum export rebate of 32.512 European Currency units (ECUS) per 100 kilos at yesterday's weekly tender. It also authorised the export of 5,000 tonnes raw beet sugar at a maximum rebate of 29.579 ecus per 100 kilos.

In London traders said the result was in line with expectations, and had little or no impact on the futures market.

The October position, which fell £11.15 on Monday, ended the day £1.50 down at £119.075 a tonne.

In New Delhi, the Indian Sugar Mills Association (ISMA) said India's sugar output until June 30 in the 1981-82 season which started last October totalled 8.27m tonnes against 5.04m in the corresponding period last season.

Total offtake until June 30 was 3.74m tonnes for domestic consumption and 215,000 for exports against 3.49m for domestic consumption and 60,000 tonnes for exports during the corresponding period last season.

ISMA said factory stocks on June 30 were about 5.09m tonnes against about 2m tonnes a year earlier.
Reuter

Spain attacks EEC study

BRUSSELS—Spanish Foreign Minister José Pedro Perez-Llorca, told journalists a new European Community study of the possible effects of Spain's membership is unnecessary.

The study, expected to concentrate mainly on agriculture, is being drawn up in response to French concern at the effects of the planned Community entry of Spain and Portugal. Diplomats say it will almost certainly lead to a delay in the two countries' membership.

Talks on Spanish and Portuguese entry must be completed by the end of this year if the two countries are to enter at the beginning of 1984. Ratification by member parliaments would take a year.
Reuter

W. Germany holds up EEC wine wars solution

BY LARRY KLINGER IN BRUSSELS

NEW EEC measures designed to prevent the outbreak of further French-Italian "wine wars" were agreed by nine of the ten EEC member-states yesterday after Britain obtained what it regarded as adequate safeguards for its industrial alcohol industry.

Only West Germany withheld full approval, complaining that the Council of Agriculture Ministers, in expanding the scheme yesterday to cover some subsidiary grape products, added at least £15.7m to the projected annual cost of the scheme.

Most Ministers said that they expected the West German Cabinet to approve the measures during the next fortnight, saying that it was "unthinkable" that West Germany would hold up important EEC legislation because of a "marginal" amount of money.

West German officials, however, counselled against indulging in any foregone conclusions, pointing out that the Cabinet had earlier only approved the provisional wine arrangements on condition that their final form "would not cost one pfennig more."

The commission now provisionally estimates the average annual cost of the completed scheme at around £210m, or at only about £26m more than the emergency arrangements adopted by the Ministers to deal with last year's wine war.

Mr Alick Buchanan-Smith, the British Minister of State for Agriculture, welcomed the scheme, saying that he was "satisfied that we have achieved the necessary safeguards as far as the UK is concerned. The strength of our case has been recognised in what has been agreed."

In an official declaration, the Commission said that, "in the framework of its responsibility as regards the distillation operations laid down in the wine regulation, it will have the intention to avoid any disturbance in the wine and alcohol sectors."

Not only was the Commission required to set out firm rules for the disposal of industrial alcohol distilled from surplus wine, Mr Buchanan-Smith said, but he had also obtained a commitment from Agriculture Commissioner Poul Dalsager that the Commission would continually monitor the market as an "absolute routine" to ensure that there would be no disruption.

Britain had withheld approval of the new measures for nearly nine months, insisting on specific protection for its industrial alcohol sector, which is led by BP with around 30 per cent of the EEC market.

The new scheme relies on a series of compulsory and voluntary distillations over the year of surplus wine into industrial alcohol at minimum prices to producers. The aim is to guarantee minimum incomes while preventing the flooding of the French wine industry with cheaper Italian imports.

Britain's fear was that an uncontrolled release on to the open market of the wine distillates would unfairly compete with BP and other industrial alcohol producers.

West Germany will now be under strong pressure from both France and Italy to approve the scheme quickly.

Past wine wars have resulted in France illegally blocking hundreds of millions of litres of Italian wine imports following widespread and often violent protests by French farmers.

Whale campaigners hopeful

BY RICHARD MOONEY

ANTI-WHALING campaigners attending the annual meeting of the International Whaling Commission in Brighton this week are optimistic that victory may be in sight.

After ten-years of campaigning for an immediate ban on commercial whaling, they were cheered on Monday by a preliminary vote which indicated that a slightly softer proposal for whaling to be phased out by 1986 might be pushed through this year.

The proposal, tabled by the Seychelles, won support from 19 of the 34 national delegations attending a technical committee meeting, with only six against. If this pattern were repeated in a plenary session vote, the proposal would have won the required 75 per cent majority—abstentions do not count.

Mr Charles Secrett, wildlife campaigner for Friends of the Earth, said in Brighton yesterday that he was impressed by the lack of tension at this year's meeting. "There has been none of the usual furious lobbying from the whalers," he noted, adding: "The proposal seems to have an extremely good chance."

Under the proposal, whaling would not be restarted unless it was shown to be safe by an increased research effort.

Phasing out rather than banning whaling immediately will give more time to arrange funding for this research, which the whalers, notably Japan, are unwilling to take on alone. Mr Secrett said he thought voluntary groups such as his own and sympathetic governments would be willing to make a contribution.

Under IWC rules, Japan could escape a ban by objecting to the decision within 90 days. It could then carry on whaling while remaining a member of the Commission. But U.S. officials have warned that this might result in the U.S. imposing economic sanctions on Japan. In particular it has been threatened with exclusion from U.S. fishing grounds, which would cost it far more than ceasing whaling.

Copper prices rally

By Our Commodities Staff

AFTER A WEAK opening, copper values on the London Metal Exchange were steadied yesterday by hopes for an indication that further U.S. interest rate cuts were on the way. The result of a U.S. Mint tender for 50m lbs of copper was also said to be "constructive."

Copper prices fell by up to £11 soon after the opening but by the close cash high grade metal was quoted £4 up on the day at £843.5 a tonne.

The interest rate cut signal was hoped for from Mr Paul Volcker, the chairman of the Federal Reserve Board, in his testimony before Congress on monetary policy. Hopes for an encouraging statement were raised by the Fed's decision to cut its discount rate on Monday, which has been interpreted in some quarters as indicating a change in policy.

Lead and zinc prices on the LME followed copper's initial downward move but did not participate in the later rally. Cash lead ended £10 down at £317 a tonne while cash zinc lost £5 to £414.50 a tonne.

The Tin market was again supported by International Tin Agreement buffer stock buying. Cash high grade metal closed £30 up at £6,435 a tonne.

World oil seed record forecast

WASHINGTON—World oilseed production in the 1982-83 season is forecast at a record 181.2m tonnes, up 8.4m tonnes from the previous season and 3.5 per cent above last month's forecast, the U.S. Agriculture Department said.

In its world oilseed situation report, approved by the World Agricultural Outlook Board, USDA said soyabean output will account for most of the increase with production expected to rise 7.8m tonnes to a record 95.1m tonnes.

EASTERN BLOC FARMING

Politics of scarcity

BY NANCY DUNNE

WHILE COMPETITION among Western nations for East Europe's shrinking agricultural markets is growing increasingly fierce, the socialist states are apparently trading more with each other, according to a new U.S. Department of Agriculture review of the satellite nations.

Belt-tightening policies by the countries of the region are clearly having some success. With redoubled efforts to improve their balance of trade and payments, they have stepped up exports and sharply curtailed imports.

"For the first time in recent years, many European countries appear willing to allow domestic consumption to suffer, if necessary," the report says. "Commitments to improve diets through a higher level of meat consumption are being postponed or, as in the case of Poland, abandoned."

The steady growth of per capita meat consumption during the 1970s came to a halt in 1981 and declined precipitously in Poland. Price increases weakened demand in Hungary and Yugoslavia, and shortages curbed consumption in Poland and Romania.

The region's prospects for crop production this year are generally good, says the USDA, partly as a result of the general policy of self-sufficiency, begun in the last decade. The long-stated policy, however, is being implemented with improved methods.

Each East European government now encourages private production. In 1981 lands not suited for large scale mechanical cultivation were distributed for private use. In Hungary, the first East European country to see the potential of individual part-time farming, an estimated 1.5m people have become hobby gardeners. In Romania 1.7m hectares of land are now privately used, and the role of private farming is growing in East Germany and Czechoslovakia.

The governments are emphasising more efficient production and a reduction of state subsidies. Quantitative output is considered less important, and profitability has become the chief success indicator.

Signs are particularly good for the region's sugarbeet crop, and the Department says that E. Europe could become a "modest" net exporter of sugar in 1982. Production increased 17 per cent last year, and an increased refining pace should result in a 1m tonnes increase over last year's 5.8m tonnes of refined sugar.

Tobacco production was up 20 per cent last year, and it is expected to increase once again. Yugoslavia has raised prices 41 per cent for its 1982 crop and has expanded planted acreage as has Bulgaria, the other main exporter of the region.

Production of the major oilseeds—rapeseed, sunflowerseed and soyabeans, totalled 3.87m tonnes last year, matching the previous year's record level. In spite of higher targets, the oilseed area planted has remained constant this year, and yields are reported to have stabilised.

The outlook for the 1982 potato crop is mixed. While area planted might have declined, supplies of seed potatoes will be better than last year.

While crop prospects are good for most of East Europe this year, the short-term outlook for Poland and Romania is depressing. In spite of a favourable autumn sowing season and a moderate winter, the outlook for Polish agriculture was not reckoned to be good.

Livestock production could fall another 3 per cent to 8 per cent as imports of feed decline. Shortages of plant protection chemicals and seed treatment chemicals for grains have been widely reported. Machinery and spare parts have presented another problem, unlikely to be solved this year.

Soviet plan to raise fertilizer output

WASHINGTON — The Soviet Union plans to increase its output of fertilizers sharply to between 30 and 32m tonnes by 1990 from the 18.8m tonnes produced last year, the U.S. Agriculture Department counsellor in Moscow said in a field report.

The report said the industry is to increase its production capacity by building over 150 plants. These will have the capacity to produce 8m tonnes of mineral fertilizers, 6.1m tonnes of ammonia, 4.2m tonnes of sulphuric acid and 2m tonnes of sulphur.

It said the fertilizer industry has been criticised by Soviet officials for not meeting planned production levels. The report said production plans during the first six months of this year have been fulfilled regarding the production of nitrogenous and phosphorous fertilizers and pesticides. However, output of potassium fertilizer has not been fulfilled.

Plans for the growth in USSR crop production in the 1980s are based heavily on larger applications of fertilizers. Currently there are persistent shortages of most grades of fertilizers as well as farm chemicals, it said.

Only 57 per cent of the grain grown in the USSR in 1980 received an application of fertiliser and in many cases the amount applied was not sufficient, the report said.

There is still a problem of poor quality and packaging of fertilisers as well as a shortage of application equipment.

It said the newly created Department of Agro-Chemical Service was set up mainly to help farms secure the proper types and blends of fertilisers and to provide application equipment.

"Although some progress has apparently been made, the Soviets still have a long way to go in the production and application of fertilisers, and planned crop production results will likely continue to lag as a result of it," the report said.
Reuter

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.40-31.50	—0.38
Iranian Light	31.00	+0.35
Arabian Heavy	29.00-29.50	—0.43
North Sea (Forties)	32.85-33.00	—0.30
African(Bonny L't)	33.75-34.50	—0.07
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	342-346	+1.0
Gas oil	263-274	—1.5
Heavy fuel oil	162-164	+1.0

GAS OIL FUTURES

A weak New York close prompted a lower opening and prices continued to fall. Signs of firmness in the physical market at the lower levels steadied futures until the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	268.00	+1.00	268.50-264.00
August	273.75		274.00-269.00
Sept.	274.25	+0.25	275.00-270.00
Oct.	277.25	+0.25	277.75-273.00
Nov.	279.00	—0.25	279.00-276.00
Dec.	280.00	—1.00	280.00-277.50
Jan.	283.00	+0.25	—
Feb.	284.50	+0.25	—
March	285.50	—	—

Turnover: 3,883 (2,678) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2½ to $349¼-350¼ in the London bullion market yesterday. It opened at $346-347, and was fixed at $344.25 in the morning and $347.75 in the afternoon. The metal touched a peak of $350-351, and a low of $343½-344½.

In Paris the 12½ kilo gold bar was fixed at FFr 75,500 per kilo ($342.34 per ounce) in the afternoon, compared with FFr 75,500 ($341.75) in the morning, and FFr 77,000 ($349.06) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,430 per kilo ($346 per ounce) against DM 27,860 ($351.94) and closed at $347¼-348¼, compared with $349-350.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $344.75, against $351.75.

In Zurich gold finished at $346-349, compared with $348-351.

Gold Bullion (fine ounce) and Gold Coins July 20: [illegible]

Oil Futures

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CLUBS

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper fell sharply at the outset and touched £843, reflecting the weak performance in overnight U.S. market but subsequently rallied to close at £864.5 following the upturn in bullion which encouraged short-covering and fresh buying. Lead failed to respond to the late gains in copper and closed at £331 while zinc traded quietly prior to closing the late Kerb at £421. Support buying by the buffer stock manager underpinned tin, leaving forward high grade tin at £6,625 on the late Kerb with standard material quoted at £6,580.

[illegible]

25, 30. Kerb: Three months £2,930, 35, 40. Turnover: 636 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 7p an ounce lower for spot delivery in the London bullion market yesterday at 369.0p. U.S. cent equivalents of the fixing levels were: spot 641.5c, down 13.7c; three-month 652.8c, down 14.5c; six-month 663.0c, down 17c; and 12-month 724.5c, down 17.8c. The metal opened at 371-374p (645-648c) and closed at 379-382p (655-663c).

[illegible]

COCOA

In quiet conditions prices fluctuated in a narrow range and closed on an even keel. Physicals were dull although there was some consumer offtake, reports Gill and Duffus.

[illegible]

COFFEE

Another dull session reflected the continued absence of influential news and a quiet physical market, reports Drexel Burnham Lambert. Values remained fixed in a narrow range while dealings were mixed in light volume.

[illegible]

GRAINS

The market opened slightly lower. Wheat traded easier all day in good volumes while Barley remained firm with September and November leading the way, Acli reports.

[illegible]

Coast sellers. Nov 117.25 paid East Coast. Maize: French Aug 137 transhipment East Coast seller. South African White/Yellow Aug/Sept 89.00 seller. Barley: English Feed fob Aug 104.50, Sept 107 East Coast sellers, July 103.25 paid Boston. Rest unquoted.

RUBBER

The London physical market opened easier, attracted little interest throughout the day and closed slightly steadier. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 197.5 (193.0) cents a kg and SMR 20 172.0 (173.0).

[illegible]

SOYABEAN MEAL

The market opened about £1.00 lower on continued favourable U.S. growing conditions, reports T. G. Roddick. Prices drifted lower before steadying on short-covering.

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £111.00 (£110.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £137.00 (£136.00).

Prices were initially £2.00 lower and further losses followed the LDP reduction. Lack of follow-through led to a recovery which was assisted by a higher New York market, reports C. Czarnikow.

[illegible]

Tate and Lyle delivery price for granulated basis white sugar was £403.50 (same) a tonne for home trade and £217.00 (£226.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 16: Daily price 8.60 (same); 15-day average 7.81 (7.79).

WOOL FUTURES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

July 19	July 16	M'th ago	Y'ar ago
252.77	255.24	254.38	263.03

(Base: July 1 1952 = 100)

REUTERS [illegible]

MOODY'S [illegible]

DOW JONES

Dow Jones	July 19	July 16	Month ago	Year ago
Spot	124.89	126.09	119.21	—
Fut's	126.98	127.59	116.04	—

(Base: December 31 1974 = 100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 120 tonnes. A little more activity was noted in the market, although customers were still cautious. Interest ranged over numerous qualities, with most attention paid to American type varieties.

POTATOES

[illegible]

AMERICAN MARKETS

NEW YORK, July 20.

THE PORK complex closed mostly limit up on a bullish storage report. Precious metals rallied on aggressive short-covering and technical buying prompted by a Federal Reserve policy of lower interest rates. Copper rallied on heavy buying against a tender to the U.S. mint. Cocoa advanced moderately on manufacturer buying. Coffee rallied on roaster buying as continued rains hit Brazil lowered the quality of the current harvest, reported Heinold.

[illegible]

75.20 (73.20). Feb 74.17. March 73.40, May 71.40, July 71.85, Aug 70.50.

†Soyabeans—July 616½ (616), Aug 617½-617 (616¼), Sept 615½-616, Nov 619¾-618½, Jan 634¼, March 652, May 663½, July 677, Aug 678½.

‖Soyabean Meal—July 180.8-180.7 (180.5), Aug 178.7-179.9 (179.2), Sept [illegible]

[illegible]

Monday's closing prices

[illegible]

EUROPEAN MARKETS

[illegible]

MEAT/FISH

[illegible]

WORLD STOCK MARKETS

Dow a net 1.71 easier at 1pm

AFTER improving at the outset, Wall Street again receded to make a mixed-to-easier showing at mid-session after another active trade.

The market subsequently declined despite a drop in several interest rates and a cut in the Discount Rate, and analysts said investors may be disappointed that rates are not declining at a faster pace.

The Dow Jones Industrial average, which was 2.86 firmer at 10.30 am, was a net 1.71 easier at 824.39 by the 1 pm calculation. The NYSE All Common Index lost 14 cents on balance at $63.40, although declines led advances by a margin of only seven issues. Trading volume came to 41.64m shares, compared with 40.18m at 1 pm on Monday.

The Fed cut the discount rate by half a point, to 11½ per cent, and analysts said a full point drop had been expected.

The prime rate was also cut half a point, to 16 per cent, by several banks but there are still a large number of major banks at the higher rate.

Investors may also have been disappointed by Federal Reserve chairman Paul Volcker's testimony before a Congressional panel yesterday morning. He said the Fed will stick with its rather restrictive growth target for the money supply of 2.5 per cent to 5.5 per cent into 1983.

A weak Energy sector also undercut the market. Oil stocks fell in reaction to weakening spot crude oil prices and slumping demand in the world market. Union Oil California dipped 1¼ to $27¼ in heavy trading, Atlantic Richfield ¾ to $37, Southland Royalty $1 to $18¼ and Standard California ⅞ to $27⅛.

Several stocks were depressed by poor quarterly earnings results, including NCR, off 3⅛ to $51⅛, Disney, 1⅛ to $53⅞, and E. F. Hutton, ⅞ to $26¼.

Volume leader Thiokol was off ⅛ to $44¼. The stock soared 9¼ on Monday on news that Thiokol will merge into Morton-Norwich for $50 a share.

Applied Magnetics fell $1 to $16⅞. The company started an offering of 1m shares at $17.875 each.

THE AMERICAN SE Market Value Index was off 0.49 at 252.78 at 1 pm. Volume 2.06m shares.

Canada

Oil stocks led markets mainly easier yesterday morning. The Toronto Composite Index slipped 6.7 to 1,424.9 at noon, while Oil and Gas retreated 31.7 to 2,421.6, Golds 19.8 to 1,745.2 and Metals and Minerals 18.7 to 1,316.9.

Tokyo

After Monday's sharp gains, Blue Chips mainly turned easier yesterday with investors switching their attention back to speculative issues, such as Non-ferrous Metals.

The overnight decline in some U.S. interest rates, especially the half-point cut in U.S. Discount Rate, were smaller than the market had hoped for.

Also, the market was expecting some unfavourable news from U.S. Federal Reserve Board chairman Paul Volcker when he appeared before Congress later in the day.

Investors are also anxious about the performance of the U.S. economy in the April-June quarter, for which Gross National Product figures have not yet been released.

The Nikkei-Dow Jones average, after rallying about 82 points the previous day, receded 25.30 to 7,212.50. The Tokyo SE index, up 4.54 on Monday, shed 1.34 to 534.45. Volume was a moderate 250m shares but surpassed Monday's 210m.

Among Blue Chips, Hitachi retreated Y18 to Y570, Nippon Electric Y13 to Y777, Toyota Motor Y16 to Y882, Sony Y100 to Y3,220, Canon Y7 to Y730, Takeda Chemical Y13 to Y759 and Sharp Y13 to Y855.

Mitsubishi Electric lost Y4 to Y232 following news that the company has been indicted on charges of attempting to steal IBM trade secrets. Based on local Press reports, the market had expected the company to reach an agreement with the prosecutors which would settle the case without the adverse publicity of an extended trial.

In contrast, some Optical Fibre Makers and Electric Power Utilities, as well as the Non-ferrous Metals gained ground. Nippon Light Metal rose Y13 to Y185, Sumitomo Electric Y16 to Y498, Furukawa Electric Y17 to Y322 and Shikoku Electric Power Y8 to Y915.

Closing prices for North America were not available for this edition.

Hong Kong

Shares started higher, reflecting Monday's interest rate cuts by the U.S. Federal Reserve Board and some U.S. banks. However, price gains were trimmed from mid-morning as investors took the view that half-point cuts in U.S. Discount Rate and some U.S. prime rates are too small to persuade banks here to follow suit.

The Hang Seng index, after an early rise of 10.66, ended only a net 5.20 firmer at 1,300.95. Turnover on the four exchanges was a moderate HK$211.29m, but exceeded Monday's HK$145.12.

Brokers added that continued uncertainty over the economic recovery in the West also hampered the market's rise. Most brokers predicted that the market would continue to fluctuate near the 1,300 level in the near-term.

Germany

Bourse prices tended to harden amid cautious optimism about interest rates and a strengthening Domestic Bond market, helped by selective foreign buying. However, overall trading volume was small.

Among Electricals, Siemens put on DM 2.20 to DM 222.50 and SEL DM 1.70 to DM 230. AEG, in contrast, slipped DM 0.90 to DM 33 despite announcing that its banks have agreed in principle on bridging aid.

In Engineerings, KHD featured with a gain of DM 4.50 to DM 183.50 and GHH rose DM 1 to DM 182.50. While in Stores, Horten advanced DM 2.50 to DM 120.50.

A further softening in U.S. interest rates gave a fresh boost to Domestic Bond issues, which recorded gains ranging to 30 pfennigs. The Bundesbank sold a total of DM 84.7m of stock to balance the market against sales of DM 44m the previous day.

Paris

Shares closed on a mixed note after moderate trading, with the market reacting cautiously to the U.S. Federal Reserve's decision to reduce its discount rate by half a point to 11½ per cent.

The news encouraged some buying, but wary investors debated whether the reduction marked the beginning of a downward trend in U.S. interest rates.

Several bearish factors also tended to restrain investors. These included the slight net decline posted by Wall Street on Monday and the Bank of France's recent forecast that business activity will stagnate through September.

Australia

Markets were firmer-inclined yesterday despite Wall Street's somewhat low-keyed reaction on Monday to lower U.S. interest rates. Helping sentiment were the economic support measures announced by the Australian government on Monday.

The government's A$1bn accelerated tax depreciation package was seen helping resource leaders with major expansion projects under way, like the Moomba liquids pipeline group headed by Santos and Delhi Oil.

The All Ordinaries Index picked up 4.4 to 462.6, Oil and Gas 7.9 to 409.1, Metals and Minerals 5.9 to 363.3 and Industrials 3.9 to 615.1.

Indices

NEW YORK —DOW JONES

	July 19	July 16	July 15	July 14	July 13	July 12	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	828.10	828.67	827.54	828.59	824.20	824.87	882.52 (4/1)	788.62 (18/6)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.91	58.86	58.81	58.49	58.55	58.65	60.27 (27/5)	55.87 (19/2)	—	—
Transport.	317.90	322.69	321.18	322.56	321.72	325.44	388.40 (7/1)	305.75 (21/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	107.35	107.37	107.14	107.95	107.51	108.29	116.95 (7/6)	105.61 (15/1)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	53,300	58,740	63,380	58,160	65,170	74,690	—	—	—	—

● Day's high 836.66 low 822.68

	July 9	June 25	June 18	Year ago (Approx
Indust'l div. yield %	6.86	6.95	7.08	5.72

STANDARD AND POORS

	July 19	July 16	July 15	July 14	July 13	July 12	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	124.26	124.68	123.96	123.85	123.90	122.51	137.28 (4/1)	118.41 (8/6)	160.98 (28/11/80)	3.52 (30/6/32)
§Comp's'te	110.73	111.07	110.47	110.44	110.69	108.57	122.74 (4/1)	107.20 (21/6)	140.52 (28/11/80)	4.407 (1/6/32)

	July 14	July 7	June 30	Year ago (approx)
Indust'l div. yield %	5.84	6.03	5.91	4.83
Indust'l P/E ratio	7.79	7.54	7.70	9.31
Long Gov. Bond yield	13.49	13.62	13.73	13.14

NY. S.E. ALL COMMON

July 19	July 16	July 15	July 14	1982 High	1982 Low
63.54	63.67	63.38	63.36	71.20 (4/1)	61.70 (7/7)

Rises and Falls

	July 19	July 16	July 15
Issues Traded	1,871	1,816	1,834
Rises	708	754	708
Falls	717	609	675
Unchanged	452	453	451
New Highs	66	61	54
New Lows	58	81	40

MONTREAL

	July 19	July 16	July 15	July 14	1982 High	1982 Low
Industrials	260.96	258.12	255.61	255.28	332.79 (4/1)	249.68 (21/6)
Combined	247.68	245.76	242.14	240.05	316.08 (4/1)	237.27 (21/6)
TORONTO Composite	1431.7	1421.6	1402.80	1391.50	1956.3 (4/1)	1350.2 (7/7)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	995,800	[illegible]	[illegible]	Delta Air Lines	658,300	32¾	−½
Mesa Petrlm	944,700	15⅜	[illegible]	Am Airlines	570,600	16⅜	−⅜
Giddings Lewis	857,000	[illegible]	[illegible]	Heint Payne	549,000	[illegible]	−1½
Superior Oil	748,500	[illegible]	[illegible]	Exxon	578,200	[illegible]	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	Colgate Palm	527,900	18	[illegible]

	July 20	July 19	July 16	July 15	1982 High	1982 Low
AUSTRALIA All Ord. (1/1/80)	462.6	458.2	453.8	453.7	585.5 (4/1)	445.2 (8/7)
Metal & Minls. (1/1/80)	356.3	350.4	321.5	320.2	425.1 (5/1)	298.0 (8/7)
AUSTRIA Credit Aktien (2/1/62)	49.07	48.69	49.14	49.30	58.98 (4/1)	48.60 (28/6)
BELGIUM Belgian SE (31/12/63)	92.94	93.67	93.37	93.24	102.43 (5/4)	86.42 (20/1)
DENMARK Copenhagen SE (1/1/73)	110.44	109.87	109.82	109.27	126.22 (25/2)	109.0 (12/7)
FRANCE CAC General (31/12/81)	98.6	98.5	98.4	98.70	111.6 (12/5)	95.5 (4/1)
Ind Tendance (31/12/81)	112.7	112.6	112.8	113.10	124.8 (12/5)	97.7 (4/1)
GERMANY FAZ-Aktien (31/12/58)	224.86	224.64	225.4	224.72	239.45 (5/4)	218.55 (19/1)
Commerzbank(Dec1953)	684.9	684.8	679.9	684.60	729.8 (5/4)	686.7 (19/1)
HOLLAND ANP-CBS General (1970)	87.5	87.8	87.0	87.3	95.0 (10/5)	84.0 (6/1)
ANP-CBS Indust (1970)	69.1	69.1	68.2	68.4	74.8 (10/5)	65.2 (4/1)
HONG KONG Hang Seng Bank (31/7/64)	1300.95	1295.75	1300.98	1313.37	1445.52 (12/1)	1128.83 (9/5)
ITALY Banca Comm Ital.(1972)	149.95	150.47	150.21	150.30	212.66 (18/6)	149.08 (14/7)
JAPAN** Dow Average (16/5/49)	7212.50	7237.80	7175.59	7197.77	7828.55 (27/1)	6889.58 (17/6)
Tokyo New SE (4/1/68)	534.45	535.79	531.25	531.37	585.28 (27/1)	520.25 (8/7)
NORWAY Oslo SE (1/1/72)	118.69	117.84	117.57	117.18	150.59 (26/1)	109.12 (1/4)
SINGAPORE Straits Times (1966)	669.17	668.25	676.86	685.32	810.76 (6/1)	669.17 (20/7)
SOUTH AFRICA Gold (1958)	(u)	399.8	388.9	381.2	689.3 (5/1)	386.5 (6/7)
Industrial (1958)	(u)	559.5	535.6	535.1	711.7 (8/1)	507.6 (29/6)
SPAIN Madrid SE (30/12/81)	89.24	(c)	89.03	88.78	107.45 (9/2)	86.81 (13/7)
SWEDEN Jacobson & P. (1/1/58)	617.26	613.32	607.09	604.84	656.52 (22/1)	583.32 (29/4)
SWITZERLAND Swiss Bank Cpn.(31/12/58)	246.5	245.4	244.4	245.5	265.1 (11/1)	257.40 (7/7)
WORLD Capital Intl. (1/1/70)	—	127.5	126.7	126.5	147.2 (4/1)	125.5 (7/7)

(**) Saturday July 17: Japan Dow (C). TSE (C).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed.

Interest rate optimism takes equities and Gilt-edged higher but enthusiasm cooled by money market events

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets made further progress yesterday on the trend towards cheaper money, emphasised overnight by the first cut in the U.S. Federal Reserve discount rate for six months. The pace of the rise in Gilt-edged slowed with recent sentiment about another early reduction in domestic base lending rates cooled a little by the Bank of England's tactics in its money market operations yesterday and awaiting the full implications of the Federal Reserve chairman's testimony on monetary policy. Reports of his remarks saw sterling ease after earlier firmness.

Nevertheless, most quotations improved to the extent of ½ at both ends of the market, Gas 3 per cent 1990/95 ending with exceptional rise of ¾ to a 1982 peak of 48¼. Business overall was on a much reduced scale with stock shortages exacerbating the further rise in values which left the FT Government Securities index 0.38 up at a new two-year record of 72.36.

Trade in equities was encouraging initially with investment demand concentrated on interest rates such as Properties obvious beneficiaries of lower and Buildings, along with Foods and Stores; institutional interest was a particular influence in the two last-named following the early-summer sales boost to June consumer spending. But equity prices eased from the best in the late trade on lack of follow-through support combined with opening easiness on Wall Street yesterday.

Measuring the tone of leading equities, the FT Industrial Ordinary share index was at its best at noon with a rise of 9.4; this was trimmed to a closing gain of 6.6 for a two-day advance of 19.5 to 576.2; the index was last at this level on June 14 in retreat from its 1982 high of 594.0 recorded six days earlier.

The FT-Actuaries Industrial Group index closed a shade below its all-time high.

Banks good

The major clearing banks attracted a useful demand ahead of the interim dividend season which Lloyds starts on Friday. Lloyds firmed 5 to 385p, after 390p, while improvements of 11 and 12 respectively were seen in Barclays, 456p, and Midland, 352p; the latter's half-year figures are scheduled for July 30. NatWest hardened 5 to 445p. Elsewhere, Grindlays gained 5 to 185p on revived bid speculation, while Standard Chartered revived with a gain of 15 to 420p. Hopes of lower interest rates helped Discount Houses and Hire Purchases. In the former, Cater Allen put on 5 more to 330p and Gillett Bros. added 7 to 160p. Provident Financial put on 4 to 128p among the latter, while London Scottish Finance hardened 2 to 40p. Hambros rallied 6 to 108p in merchant banks while Hill Samuel appreciated 5 to 155p.

Firm conditions prevailed in Composite Insurances. Still benefiting from Press comment, Royals rose 3 more to 365p. Sun Alliance put on 12 to 800p and GRE 4 to 292p. Elsewhere, Equity and Law rose 8 to 438p on further consideration of the £4m acquisition.

Rowe Evans, which came to the market via a reverse takeover of M.P. Kent and Sungkai Estates, made a quiet debut at 35½p.

Institutional support prompted another firm session among Breweries; sentiment was also helped by generally well-received chairman's statements at the respective annual meetings of Allied Lyons and Whitbread. The former closed 4 better at 106p, while the latter rose to 120p before settling for a net gain of 3 at 118p. Grand Metropolitan, 244p, and Bass, 225p, added 6 and 5 respectively. Demand extended into regional counters where Vaux stood out with a gain of 6 to 160p. Wolverhampton and Dudley, which announced a 5p per cent increase late last week, put on 4 more to 228p, while the increased full-year profits and dividend lifted West London concern Fuller Smith and Turner 35 to 415p; the latter's shares are dealt in the Unlisted Securities Market. Further favourable mention in the wake of the annual figures prompted renewed firmness in H.P. Bulmer, 5 up at 520p. Merrydown Wine, preliminary results expected next Monday, rose 6 to 124p.

The prospect of lower interest rates prompted further support for Building shares. Demand broadened considerably and gains were fairly widespread throughout the list. Among the Housebuilders, Barratt Developments again featured with a further rise of 9 to 287p, after 290p. Blue Circle advanced 13 to 480p and gains of 10 were recorded in BPB, 440p, Marchwiel, 125p, and Newarthill, 470p. Taylor Woodrow rose 14 to 494p. YJ Lovell continued to make progress awaiting tomorrow's interim figures rising 4 more to 144p.

Monday's revival in ICI, down 4 at 306p, soon faded; the interim figures are due next week. In contrast, Allied Colloids jumped 21 to 248p, after 248p, following better-than-expected preliminary figures and the proposed one-for-five scrip issue. James Halstead were also noteworthy with a rise of 6 to 53p.

Stores below best

Stores made good progress initially, albeit in thin trading, following the encouraging retail sales figures for June. Enthusiasm was tempered, however, by fresh terrorist bombings and fears that a concerted wave of London outrages could halt any recovery in consumer spending. Boots became active and touched 232p before settling for a net gain of 7 at 229p. Marks and Spencer rose 3 to 161p, after 164p, while British Home closed 3 to the good at 155p, after 158p. Mail-orders, on the other hand, finished at the day's best. Grattan were outstanding at 168p, up 8, while gains of 4 were noted for Freemans, 120p, and Empire, 90p. Revived takeover speculation lifted J. Hepworth 4 for a two-day gain of 7 to 96p. Among d-i-y counters, Home Charm, 166p, and Harris Queensway, 178p, rose 4 and 8 respectively.

Popular defence stocks came in for good support and, with jobbers none-too-well supplied with stock, good gains were recorded. Ferranti jumped 25 to 840p and Plessey gained 8 more to 515p, while Smith Industries rose 7 to 337p and Dowty, 151p, and Lucas Industries, 156p, put on 6 and 4 respectively. Elsewhere in Electricals, Lec Refrigeration rose 10 more to 270p as did MK, to 413p, while Automated Security appreciated 5 to 244p. Electrocomponents moved up 6 to 193p and Telephone Rentals 5 to 162p.

Interest in the Engineering leaders tended to fade, but quotations usually held around slightly higher opening levels. TI, however, closed without alteration at 104p, after opening at 106p. Occasional support was again evident in selective second-line issues. Turriff were outstanding at 195p, up 10, while Mining Supplies, 114p, and Haden, 200p, rose 8 apiece. Buyers showed interest in Glynwed, 4 up at 100p, while Press mention stimulated support for Brockhouse which firmed 2 to 28p. Drake and Scull improved 2 to 67p awaiting today's interim statement. Greenbank, a good market last week on the possible bid approach, gave up 4 to 44p. Dealings in Moss Engineering were temporarily suspended at 53p, down 4, at the company's request pending an announcement.

Reports of higher consumer spending prompted further support for Food Retailers. J. Sainsbury added 5 for a two-day gain of 12 at 345p, while Tesco, still buoyed by talk of boardroom changes, added 2 more to 77p. Hillards, 158p, and William Morrison, 138p, hardened 6 and 4 respectively. Among Manufacturers, Avana attracted renewed interest and advanced 18 to 343p although the rise here was exacerbated by short shortage. George Bassett jumped 6 to 78p, while Huntley and Palmer firmed a couple of pence more to 89p. Reports that S. & W. Berisford's revived bid for British Sugar may be referred again to the Monopolies Commission left the latter 4 cheaper at 466p. Berisford rose 3 to 140p; the European Court of Justice is to start its investigation into the proposed takeover on July 29.

Black Arrow pleases

Apart from Glaxo, which softened 7 to 755p on fresh concern about recent Italian criticism of its Zantac anti-ulcer drug, miscellaneous industrial leaders continued firmly on hopes of lower interest rates. Unilever stood out with a rise of 15 to 605p, while BOC added 6 to 174p as did Reed International, to 304p. Among secondary issues, Black Arrow jumped 6 to 35p in response to the better-than-expected preliminary results. Comment on the U.S. acquisition left J. Bibby 10 higher at 270p, while Cope Allman moved up a few pence to 41p on revived bid speculation.

Up 4 the previous day on talk of a rescue bid, Long and Hambly closed a fraction harder at 9p, after extremes of 10p and 6p, following the announcement that Tarmac has acquired a controlling 75 per cent stake in the company from Scottish Cities Investment Trust and is being allowed by the takeover panel to waive the usual requirement of bidding for the outstanding shares. BTR advanced 10 to 328p and Star Computer jumped 28 to 245p. Vinten, however, lost 10 more to 276p after comment on the disappointing second-half figures. Small selling and lack of support clipped 5 from United Guarantee at 12p.

Hopes of lower interest rates encouraged fresh buying of Properties. Land Securities added 5 to 277p and MEPC advanced 7 to 185p. Chesterfield put on 10 to 315p as did Hammerson "A," to 555p, while Rosehaugh gained 7 to 225p.

Berkeley Exp. rights

Lack of follow-through support saw Oil shares drift back from higher opening levels, sentiment not being helped by the easing in spot crude prices. British Petroleum, up to 270p at one stage, finished without alteration at 266p, while Shell also closed unaltered at 400p, after 404p. Among the Exploration issues, Berkeley weakened 20p to 155p on the proposed £4.76m rights issue. Clyde Petroleum, in contrast, met support and put on 5 to 95p.

Buying interest revived in money brokers, with Exco International advancing to 207p before settling at 203p for a rise of 15 on the day. R. P. Martin closed similarly higher at 300p. Elsewhere in Financials, Akroyd and Smithers firmed 7 to 215p.

British and Commonwealth, still reflecting favourable Press mention, improved 10 more to 492p in the Shipping sector. Occasional support lifted P. and O. Deferred 4 to 153p, while Lofs were noteworthy for a rise of 3 to 36p.

Movements in Textiles usually favoured holders. Allied, interim figures due on Friday, firmed 2 more to 182p, while similar rises were seen in Dawson International, 125p, and Coats Patons, 64p. Stroud Riley Drummond, however, encountered profit-taking and, at 55p, gave up the previous day's gain of 3 which followed the annual results.

Preliminary profits from Rothmans International came at the top end of market estimates, and the shares, buoyed of late by recurring takeover speculation, closed 2 up at 98p. Bats added 5 to 470p, after 472p, while Imps added the turn to 100p.

Late gains in Golds

Quietly steady during official hours, South African Golds staged a rapid advance in the after-hours' trading.

Renewed strength in the bullion price ahead of the statement by Mr Paul Volcker to the U.S. Congress encouraged heavy and persistent American buying of Golds and led to a rise in the Gold Mines index of 8.2 to 238.2, its highest level since May 31.

Bullion closed in London at $350 an ounce, up $2.50 on the day but was trading at $355 in New York after the close of the London market.

Heavyweights were featured by Hartebeest, which jumped £1½ to £20⅛ ahead of the June quarter results, Western Holdings, up £1¼ to £14⅝ and Vaal Reefs, which rose ½ to £28.

Medium- and lower-priced issues were highlighted by Venterspost, which advanced 67 to 367p, Doornfontein, 45 up at 734p and Deelkraal 11 better at 140p.

Financials also came in for strong American support in late trading. De Beers moved up 15 to 224p, Anglo American Corporation 17 to 535p, Gencor 33 to 770p and Johnnies a point to £29.

London issues mirrored Golds and were additionally boosted in late trading by the rally in copper prices. Gold Fields were finally 3 up on balance at 393p, after 385p and Rio Tinto Zinc a net 2 firmer at 402p, after 377p.

Australians managed to retain modest gains following the beneficial taxation changes announced in Australia overnight.

The relative strength of the underlying securities resulted in an active and encouraging session in the Traded Options Market. Business was well-distributed among those stocks in issue and 3,222 contracts were done, comprising 2,677 calls and 545 puts. Courtaulds attracted 228 calls, 180 of which were done in the expiring July 30 series. Lonrho continued to attract substantial call activity with 698 contracts struck, the popular August 90's accounting for 581. Imperial Group and Grand Metropolitan recorded 372 and 267 calls respectively. Of the 18 stocks currently traded, 6 are dealt in for the call only; from July 29, put options will be introduced for four of these with the remaining two being introduced on August 12.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	3	8
Corpns. Dom. and Foreign Bonds	48	1	26
Industrials	445	100	791
Financial & Props.	270	23	219
Oils	33	15	58
Plantations	2	6	15
Mines	66	7	84
Others	66	41	52
Totals	1,010	196	1,253

FINANCIAL TIMES STOCK INDICES

	July 20	July 19	July 16	July 15	July 14	July 13	A year ago
Government Secs.	72.36	71.98	71.19	71.04	70.86	70.88	63.12
Fixed Interest	72.67	71.95	71.51	71.38	71.66	71.51	65.56
Industrial Ord.	576.2	569.6	556.7	556.4	555.8	554.3	513.2
Gold Mines	238.2	230.2	225.0	227.9	232.2	213.6	321.7
Ord. Div. Yield	5.39	5.42	5.51	5.52	5.55	5.55	6.16
Earnings, Yld. % (full)	11.39	11.44	11.69	11.54	11.59	11.66	11.81
P/E Ratio (net) (*)	10.54	10.59	10.36	10.52	10.48	10.41	10.63
Total bargains	18,002	15,177	16,645	14,926	15,241	16,446	20,216
Equity turnover £m.	—	124.57	148.25	151.52	102.42	116.04	115.66
Equity bargains	—	12,565	12,947	11,679	11,137	12,369	12,471

10 am 573.6. 11 am 578.9. Noon 579.0. 1 pm 578.9. 2 pm 575.9. 3 pm 578.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.92.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.36 (20/7)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.67 (20/7)	62.79 (5/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (14/6)	518.1 (5/1)	597.5 (30/4/81)	49.4 (26/6/40)
Gold Mines	303.0 (7/1)	181.3 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 19	July 16
Daily Gilt Edged Bargains	235.2	211.7
Equities Bargains	82.0	83.9
Value	351.4	299.6
5-day Average Gilt Edged Bargains	212.3	210.2
Equities Bargains	78.5	78.0
Value	251.7	248.5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues July 20 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon July 19 Index No.	Fri July 16 Index No.	Thurs July 15 Index No.	Wed July 14 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues July 20	Day's change %	Mon July 19	xd adj. today	xd adj. 1982 to date	AVERAGE GROSS REDEMPTION YIELDS	Tues July 20	Mon July 19	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (144)

BRITISH FUNDS (53)
INT. BK. & O'SEAS GOVT. STLG. ISS. (4)
CORPORATION LOANS (15)
COMMONWEALTH & AFRICAN LOANS (1)
LOANS (9)
AMERICANS (3)
BEERS (4)
BUILDINGS (2)
CHEMICALS (1)
DRAPERY & STORES (1)
ELECTRICALS (11)
ENGINEERING (4)
FOODS (3)
HOTELS (1)
INDUSTRIALS (11)
INSURANCE (1)
MOTORS (3)
NEWSPAPERS (2)
PROPERTY (1)
SHIPPING (1)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (3)
OIL & GAS (1)
OVERSEAS TRADERS (1)

NEW LOWS (37)

FOREIGN BONDS (1)
AMERICANS (3)
BANKS (1)
BUILDINGS (1)
STORES (1)
ENGINEERING (3)
FOODS (1)
INDUSTRIALS (7)
MOTORS (1)
PROPERTY (1)
SHOES (1)
TEXTILES (2)
TRUSTS (3)
OIL & GAS (2)
RUBBERS (1)
MINES (4)

OPTIONS

First Dealings	Last Dealings	Last Declarations	For Settlement
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22

For rate indications see end of Share Information Service.

Calls were arranged in Singlo, UDS, Berkeley Exploration, London Investment Trust, AGB Research, Holme, Lonrho, Barratt Development, Suter Electrical Deferred, Britannia Arrow, J. Hepworth, Woodside, Cons. Gold Fields, Moss Engineering, Amersham International, Combex and Brown Boveri Kent. A put was arranged in Glaxo, while doubles were taken out in Moss Engineering and Brown Boveri Kent.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or –	Net Dividend	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Anglo-Nordic 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Antofagasta Hldgs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Argyll Foods Warr'ts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Argyle Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Assoc. Heat Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Atlantis Res. Int.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bairstow Eves 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Black (Michael) 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambrian & Gen. 'A'	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cont. Microwave	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dencora	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Druck Hldgs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ecobric New Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Electro-Prot. US$0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Group Inv Option	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Knight Cmptr Int. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	McCarthy & Stone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Miles 33 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oriflame SA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oilfield Insp. Srvc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Radio City 'A' NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ruddle (G.) 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rowe Evans Inv. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Walker (Alfred) 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Zambia Cons Cpr 'B'	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or –
186	[illegible]	[illegible]	[illegible]	[illegible]	Applied Computer Tech.	[illegible]	[illegible]
170	[illegible]	[illegible]	[illegible]	[illegible]	Bank Leumi (UK) £1	[illegible]	[illegible]
103	[illegible]	[illegible]	[illegible]	[illegible]	Blundell-Permoglaze	[illegible]	[illegible]
25	[illegible]	[illegible]	[illegible]	[illegible]	Cronite	[illegible]	[illegible]
78	[illegible]	[illegible]	[illegible]	[illegible]	Goal Pet. 5p	[illegible]	[illegible]
174	[illegible]	[illegible]	[illegible]	[illegible]	Grand Met 50p	[illegible]	[illegible]
25	[illegible]	[illegible]	[illegible]	[illegible]	Jenks & Cattell	[illegible]	[illegible]
65	[illegible]	[illegible]	[illegible]	[illegible]	Minster Assets	[illegible]	[illegible]
60	[illegible]	[illegible]	[illegible]	[illegible]	Press (Wm.) 10p	[illegible]	[illegible]
325	[illegible]	[illegible]	[illegible]	[illegible]	Saatchi & Saatchi 10p	[illegible]	[illegible]
215	[illegible]	[illegible]	[illegible]	[illegible]	Sketchley	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. F Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants. †† Dealings under special Rule. ♦ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied Colloids	248	+21	Exco Int.	203	+15
Allied-Lyons	106	+4	Fairclough Cons.	159	+5
Avana	343	+18	Ferranti	840	+25
Barratt Devs.	287	+9	Grand Met.	244	+6
Boots	229	+7	Rothmans	98	+2
Dowty	151	+6	Vaal Reefs	£28	+½

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Monday's closing price pence	Day's change	Stock	No. of changes	Monday's closing price pence	Day's change
Glaxo	19	762	+4	GEC	11	[illegible]	[illegible]
Bulmer (H. P.)	18	515xd	+41½	ICI	11	310	+8
Vinten	17	286	–10	Plessey	11	507	+17
Fobel Int.	16	30	+4½	BICC	10	300	+12
British Common.	12	482	+14	Racal	10	480	+15
GUS A	12	491	+13	Scottish & New.	10	[illegible]	[illegible]
Thorn EMI	12	432	+17	RTZ	9	400	[illegible]

THE ARMS TRADE

Diplomatic weapons in the Third World

By Margaret van Hattem

THE 1970s were supposed to be *the disarmament decade.* But while the two superpowers held the spotlight with their tentative steps to curb the nuclear arms race, the Third World has been silently arming itself with conventional weapons on an unprecedented scale.

The result, as seen in the Iran/Iraq war and the more recent Israeli invasion of Lebanon, has been destruction and casualties on a scale unprecedented in proportion to the political conflicts underlying them. The signing of Salt I in 1972 was no doubt an achievement, as was the 1974 protocol further limiting U.S.-Soviet deployment of anti-ballistic missile systems, and the 1979 Salt II Treaty, though it has yet to come into force. But the global chess game between the two superpowers has continued on other fronts, leading directly to a trebling of arms exports to the developing countries.

Exports to the Middle East alone have increased fourfold in real terms over the past decade as East and West alike rushed in first to mop up surplus oil funds with massive sales drives, then to pump in yet more arms to readjust the military and political balance. Four-fifths of all world arms exports now go to the developing countries — nearly a third go to the Middle East.

For arms sales have become an integral—albeit not altogether controllable—instrument of foreign policy. "They have become the common coin of contemporary diplomacy," says Dr Andrew Pierre, author of the most comprehensive study on the subject*. They are, he says, replacing the more traditional instruments of diplomacy and reassurance such as alliances, the stationing of forces abroad, and the credibility of the threat of direct intervention. "Their role in world politics," he concludes, "will become increasingly salient."

Senior officials at the U.S. State Department in Washington concede that there are high risks in conducting foreign policy through arms sales—risks highlighted by the Soviet experience in Egypt, the U.S. experience in Iran and, more recently, by Argentina's use of French and British-made weapons against Britain.

Arms sales are an instrument that resists fine tuning, they say. Weapons, once sold, are beyond the supplier's control. Israel's use of cluster bombs in Lebanon illustrates the powerlessness of supplier countries to define the purposes for which the arms they sell may be used. However the extent to which suppliers are prepared to take these risks is evident from the pattern of sales over the past decade.

Figures compiled by the U.S. Arms Control and Disarmament Agency (ACDA) chart the massive increase in sales to the developing countries during the 1970s.

Arms exports (expressed in US$ at 1978 prices) from the developed countries rose from $9.2bn in 1970 to $20.6bn in 1979 while their imports edged up from $2.9bn to $4.2bn. Arms exports from the developing countries also rose relatively slowly from $0.4bn to $1.2bn but their imports soared from $6.8bn to $17.7bn—matching precisely the $11bn rise in exports from the developed countries. The biggest surge in sales coincided with the first appearance of surplus petro-dollars in the early 1970s.

The figures for 1979 show that of the $17.7bn worth of arms imported by the developing countries, $7.4bn went to the Middle East, compared with $4.2bn to Africa, $1.5bn to Latin America, $2.9bn to East Asia and $0.8bn to South Asia.

The Stockholm International Peace Research Institute (SIPRI) keeps a detailed register of who is selling what to whom in the way of major weapons. Its figures indicate that during the sales boom of the 1970s, the U.S. and Soviet Union together accounted for around 70 per cent of all sales to the developing countries. However, in the competition to sell in this expanding market, it was the U.S., France and Italy which increased their market share most dramatically, often pushing aside the British and the Soviet Union.

The SIPRI figures, often based on newspaper clippings and tending to go by contracts rather than deliveries, must be treated with some caution. Nevertheless, their register of sales on order or under delivery during 1981 gives an indication not only of the massive inflow of high technology weaponry to the Third World, but also of the degree to which the main suppliers—the U.S., the Soviet Union, France, Britain and Italy—are each arming countries on both sides of potentially explosive political conflicts.

In the Middle East, for example, the U.S. is the main supplier to Saudi Arabia, Jordan, Israel and Egypt, providing F-15 and F-16 fighter aircraft, Phantoms, Hercules transport carriers, missiles and tanks, not to mention the major *AWACS package for Egypt.* It is also selling, on a lesser scale, to Kuwait, Lebanon, Libya, Qatar, Syria and the United Arab Emirates.

Israeli soldiers on a pile of Palestinian arms in Sidon

The Soviet Union is the main supplier to Libya, Iraq and Syria, providing MiG-23 and *MiG-25 fighters, submarines,* missiles and tanks. It also sells, on a lesser scale, to Jordan, North and South Yemen, and the United Arab Emirates.

France sells to Egypt, Jordan, Iran, Iraq, Kuwait, Lebanon, Qatar, Libya, Saudi Arabia and Syria; Britain sells to Egypt, Jordan, Lebanon, Iran, Qatar and Saudi Arabia.

Yet the one thing that emerges clearly from the UN *Special Session on Disarmament* held in New York recently is that there is no significant pressure for restraint in the conventional arms trade. The main suppliers have too many political, and to a lesser extent commercial, interests at stake to *initiate moves towards an inter*national restraint agreement. The onus, they say, lies with the recipients. The developing countries, which account for less than a quarter of world military spending but take up four-fifths of all world arms exports, express concern over the high proportion of their budgets diverted from develop*ment into arms purchases.* But they appear even more concerned to protect what they term their "inalienable right to protect their own security and need to ensure balance at all stages." The first moves, they say, must come from the nuclear powers.

Recipients buy for various reasons. They may, like Brazil, wish to emphasise their regional political ascendancy or, like *India, their claims to leadership* of the non-aligned nations or, like Libya, their ability to afford what they please. *In some cases,* purchases grossly exceed defence requirements in terms of quality and quantity.

Suppliers too have their own reasons. They may, like France, use exports to rationalise domestic production in order to underwrite an independent defence stance; they may, like Britain, need the money.

But the overriding force behind the cross currents of the international arms trade is the global struggle between the super powers.

The only attempt to systematise and limit the translation of this struggle into arms sales, initiated by President Carter in 1977, was something of a flop. He wished to make arms sales an "exceptional" foreign policy instrument and introduced guidelines intended to put the burden of persuasion on the advocates rather than the opponents of each sale. But international political pressures led to a high number of exceptions. And, more important, his unilateral initiative won little support from his European allies, let alone the Soviet Union.

President Reagan, by contrast, proclaimed arms transfers to be "an essential element of the U.S. global defence posture and an indispensable component of foreign policy." In his policy statement of July 9, 1981, which simply reversed the Carter policy, he declared that the U.S. would henceforth use arms transfers to keep its allies in a state of preparedness; to demonstrate its refusal to see them at a military disadvantage; to revitalise its alliances and to counter threats posed by mutual adversaries.

The flavour of the new administration was perhaps best conveyed by Mr James Buckley, Under Secretary of State for Security Assistance, Defence and Technology, who described the new policy as "a long overdue reaffirmation of our confidence in ourselves and in the rightness of our cause," adding "we are the last best hope on earth and we have no responsible choice but to act accordingly."

The less messianic men at the State Department concede that in the absence of any political consensus—*between the U.S.* and the Soviet Union or among the regional powers themselves—as to the desirable balances of regional power, arms sales to the Third World will continue to leapfrog. Arms sales, they say defensively, are not inherently bad and restraint is not necessarily a good thing.

They also concede, however, that arms sales cannot buy long-term influence and that the political gains achieved by selling arms are generally smaller than the losses sustained through withholding them.

Indeed, arms sales may *diminish the supplier's influence:* Israel massively equipped by the U.S. is generally considered strong enough to sustain an independent military policy for three to four months—long enough for pressure groups in the U.S. to pre-empt moves to apply sanctions in retribution.

Insofar as there is any pressure at all for restraint, it tends to be economic—stemming from the non-oil developing countries. But economics invariably take second place to politics, as was demonstrated by *the failure of Latin American* countries to follow up the aims of the 1974 Ayacucho Declaration on arms limitation. Talks broke down after two years but the enterprise was probably doomed from the start by Brazil's refusal to take part.

Meanwhile, the real wars continue, providing a prominent showroom for the latest refinements in destructive capacity. Aerospatiale, the French company which produces Exocet *missiles, is reported to have had* a boom in inquiries from all over the world following the successful demonstrations recently provided by Argentina.

Perhaps, as Dr Pierre suggests, the best chance of restraining the conventional arms trade lies in what he calls a "supplier-initiated, regionally-oriented framework for managing the process of arms sales to the Third World." Certainly there would seem to be more chance of achieving consensus between the four main suppliers, which account for 87.5 per cent of weapons transfers to the Third World, than *between the 30 or so countries* which buy them. But first, they would need to be persuaded that they had something to gain.

**The Global Politics of Arms Sales, by Dr Andrew J. Pierre, Princeton University Press, 1982, $5.95.*

IMPROVEMENT IN NET INTEREST REVENUE

Strong rally in Citicorp earnings

BY PAUL BETTS IN NEW YORK

CITICORP, the holding company of Citibank, the second largest bank in the U.S. after Bank of America in terms of assets, has recorded a sharp improvement in second quarter and first half earnings which is especially welcome after the bank's disappointing performance last year.

The bank holding company's income before securities transactions in the second quarter increased by 40 per cent, from last year's $106m at 84 cents a share to $148m or $1.15 a share. First half income before securities transactions was 71 per cent higher at $347m or $2.70 a share compared with $203m or $1.61 a share for the corresponding six months of 1981.

After securities transactions, net earnings were $137m or $1.06 a share for the second quarter, compared with $103m or 81 cents a share previously. For the half-year the profits were $331m or $2.57 against $195m or $1.55 a share in 1981.

The bank's total assets at the end of last month totalled $120bn, slightly higher than the $119bn in assets at the same time last year.

Citicorp said that for the first six months the return on equity increased to 15.7 per cent from last year's 10.2 per cent. For the first half the return on assets was 0.59 per cent, compared with 0.36 per cent last year.

Revenues also grew on a period-to-period basis. Revenues totalled $2.4bn for the first half and $1.2bn for the second quarter — increases of 30 per cent and 24 per cent respectively over comparative 1981 levels.

The bank said that substantial improvement in net interest revenue contributed in large part to Citicorp's performance in the first half and second quarter. Half-year net interest revenue at $1.6bn was $513m higher or 47 per cent over last year's figure.

This substantial increase, said the bank, reflected a widening in net interest margin from 2.35 per cent in the first half of last year to 3.29 per cent in the first half of this year.

The improvement reflected "the favourable impact of Citicorp's pricing and funding initiatives, a reduction in the fixed-rate investment portfolio, and some easing of interest rates from last year's levels."

Quarterly net interest revenue was also strong at $799m — an increase of 37 per cent on the second quarter last year.

Record trading at Philip Morris

By Terry Byland in New York

RECORD results for the second quarter came yesterday from Philip Morris, number one in the U.S. cigarette industry, and also a major force in brewing through its Miller subsidiary and in soft drinks via Seven-Up.

Earnings jumped by 23 per cent, from $154.2m or $1.23 a share to $189.4m or $1.51 a share in the quarter, making the 72nd consecutive quarterly increase. Sales gained 6.2 per cent, from $2.89bn to $3.1bn, reflecting further strength in the domestic cigarette market and a slight advance in dollar sales abroad.

Mr George Weissman, chairman and chief executive, makes no forecast for the full year but a gain of 18 per cent, from $290.6m to $357.1m or from $2.33 to $2.85 a share in profits for the first half is within comfortable reach of Wall Street's hopes that earnings for the full year will rise from $676.2m to $800m. Half year sales are up from $5.4bn to $5.9bn.

All divisions contributed to the upturn of the second quarter. Mr Weissman commented that Philip Morris increased revenues, unit volumes and the market share in the U.S., backed up by the addition of the Benson and Hedges 100 de luxe Ultra brand into a list already including the famous Marlboro, the world's best selling cigarette.

Both Miller Brewing and Seven-Up lifted sales in the quarter. Seven-Up is in the process of introducing a new caffeine-free version and other companies, said Mr Weissman "are confirming our assessment of the potential for the no-caffeine segments."

International business, however, suffered from the generally unhappy state of world economies and in particular from the effect of a strong U.S. dollar on repatriation of profits to the parent company.

Mr Weissman is confident that the EEC's case against the acquisition of a stake in Rothmans International by Philip Morris will be resolved "in a manner satisfactory" to the U.S. company.

Four bonds launched on news of Fed discount cut

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE DOLLAR Eurobond market saw a rush of new issues yesterday in the wake of the decision by the U.S. Federal Reserve to cut its discount rate and of the cuts in prime rate by leading U.S. banks.

Four bonds were launched, bringing the total amount of paper put on offer this week to $860m. By the end of the day, the market was feeling rather weighed down by new bonds despite a further fall in Eurodollar rates. The issues included:

● A $150m, ten-year 15 per cent bond for Ontario Hydro priced at par by lead managers Deutsche Bank.

● A $100m, six-year, 14½ per cent bond for General Motors Acceptance Corp (GMAC) led by Societe Generale and priced at 99⅞.

● $60m for Banque Indosuez with a seven-year life, 15½ per cent coupon and indicated price of 99½ through Continental Illinois and Indosuez.

● $75m for Canadian Pacific Securities through Goldman Sachs and Salomon Brothers. The seven-year bonds bear a coupon of 15 per cent and an issue price of par.

Dealers said that yesterday saw some quite sharp initial mark-downs of Canadian issues because of the heavy presence of such borrowers in the primary market. Canadian borrowers are also currently active in the U.S. Yankee market.

Prices of Canadian issues recovered somewhat during the day, but by yesterday evening dealers were once again wondering whether too much had been launched on to the market too fast. Overall, secondary market prices managed gains of only about ½ points. Six month Eurodollar rates meanwhile fell a further ⅛ points to 14 per cent.

Among this week's new issues the $400m, 15 per cent issue for the World Bank, launched on Monday night, has met with a very positive reception, but the GMAC issue attracted little enthusiasm because of its low coupon.

In Germany the European Investment Bank is arranging a DM 200m 10-year bond with a coupon of 9¾ per cent and issue price par through Deutsche Bank. The issue was reported to have met with a good reception as secondary market prices generally strengthened yesterday on the back of lower dollar interest rates.

Today should see the launch of a DM 75m private placement for Sperry Rand through BHF Bank.

Swiss franc bonds also closed firmer amid further declines in domestic interest rates. Leading banks yesterday cut their short-term time deposit rates by between ⅛ and ⅜ point. Foreign bonds rose by about ⅛ point in sympathy.

Konishiroku Photo Industry is raising SwFr 70m through a five-year convertible private placement with an indicated coupon of 6⅞ per cent and conversion premium of about 5 per cent. The placement is being handled through Swiss Bank Corp.

Further sharp fall for Union Carbide

By Our Financial Staff

UNION CARBIDE, the third largest U.S. chemical producer, has reported a 39 per cent drop in second quarter net profits to $118.2m, or $1.71 a share, from $193.4, or $2.86, a year earlier. Sales fell by 14 per cent to $2.29bn from $2.67bn.

Although this was a somewhat smaller fall than in first quarter, it still left net profits for the six months to June 30 down 44 per cent to $209m, or $3.03, from $371.4m, or $5.50 a year earlier. Sales were down 13 per cent to $4.61bn from $5.31bn.

● Upjohn, the Kalamazoo group with established positions in the ethical drug and agricultural markets, blames an operating loss in its worldwide chemical business for a downturn in second quarter profits from $44.8m to $38.4m or from $1.49 to $1.28 a share. Half-time profits were $81.3m compared with $101.7m previously, or $2.70 against $3.38 a share.

Half-year slip at Monsanto

MONSANTO, the fourth largest U.S. chemical company, saw second-quarter earnings slip from $93.8m or $2.35 a share to $86.2m or $2.17 a share, lowering first-half profits from $269.8m or $7.16 a share to $233.7m or $5.88 a share, writes our Financial Staff.

Returns for the latest three months, however, reflect a charge equal to 22 cents a share associated with the group's previously announced withdrawal from the European low-density polyethylene business. There was also a currency loss of 1 cent a share in the quarter, compared with a 61-cents-a-share gain last year.

Half-year sales totalled $3.36bn, against $3.76bn in 1981, with the second quarter accounting for $1.62bn against $1.86bn.

● Hercules, manufacturers of chemicals and plastics, reports second quarter earnings down from $41.4m to $22.3m on sales down from $712m to $651m.

Setback for computer companies

BY OUR NEW YORK STAFF

DIFFICULT trading conditions in the computer systems and equipment industry were highlighted yesterday by poor results from Control Data, fifth largest company in information processing, and Amdahl, manufacturer of IBM compatible programs.

Control Data reported second-quarter profits down from $43.3m or $1.14 a share to $34.2m or 91 cents a share. The company blamed a continued slowdown in sales of peripheral equipment to other computer companies for the 21 per cent fall. Sales edged forward from $996m to $1bn.

A particularly disappointing feature was the fall in earnings from the financial services division, resulting primarily from higher costs and losses at the insurance subsidiary, said the board. The financial services side includes Commercial Credit, Control Data's financing subsidiary, which has been a sturdy profit-maker in recent years.

The first half shows earnings down from $83.6m or $2.20 a share to $72.5m or $1.92 a share. Sales rose from $1.95bn to $2.09bn.

For the latter part of the year Control Data's strong presence in Government business and its introduction of five new models, are expected to bring better results. Last year, it earned $169.8m on sales of $3.1bn and a rise in profits this year is still on the cards.

Amdahl's second quarter was much worse than expected, with earnings down from $7.3m or 35 cents a share to $1m or 5 cents a share. Sales eased from $107.9m to $106.8m.

Foreign currency rates have worked against the company, which takes about 45 per cent of its profits from outside the U.S. and it has also faced weakening price trends just as it is spending on new products.

Earnings for the first half fell 76 per cent, from $13m or 63 cents a share to $3.5m or 17 cents a share. Sales were $19.9m, against $20.5m.

Decline at United Technologies

BY OUR NEW YORK STAFF

UNITED TECHNOLOGIES, the leading U.S. conglomerate which makes such products as Pratt and Whitney jet engines, Otis elevators and Sikorsky helicopters, yesterday reported second quarter net earnings down by 14 per cent, from $122.8m or $2.08 a share to $105.33m or $1.68 a share.

This was before a $40m tax free extraordinary gain resulting from an exchange of almost 2m of its common shares and cash for about $165m of its debentures.

Sales totalled $3.51bn against $3.56bn in the same quarter last year.

Fully diluted earnings per share were $2.21 including 61 cents from the extraordinary gain, compared with $1.86 a share in 1981.

Mr Harry Gray, chairman, said the slower U.S. economy had restrained United Technologies' operating income during the quarter but added that in the face of adverse business conditions the company was strengthening its competitive position in major markets.

Excluding the extraordinary gain and an accounting change announced earlier this year, net income for the first six months was $200.8m or $3.17 a share — 15 per cent down on the $236.4m or $4.15 a share in 1981. Sales in the first six months totalled $6.73bn compared with $6.90bn previously.

$250m loan for Greek utility

BY OUR EUROMARKETS STAFF

GREECE'S state energy authority, Public Power Corporation, is raising a $250m loan package in the Euromarkets through a group of banks led by Orion Royal.

Orion yesterday said it had received the mandate to arrange the package which includes a dollar Eurocredit, a sterling bank loan and a floating rate note.

Negotiations for this credit have been protracted which has added to the borrower's reputation for hard bargaining in the Euromarket. Even yesterday, lead managing banks were unwilling to disclose the terms on which the package will be arranged.

The complete list of lead managers comprises Bank of Tokyo, BNP, Daiwa, Samuel Montagu, National Bank of Greece, Orion and Tokai Bank.

Bank of Tokyo will act as agent for the $170m dollar Eurocredit and Samuel Montagu will be agent for the sterling loan amounting to $30m equivalent. The $50m floating rate note will be brought to the market later on.

A feature of the package is the borrower's interest in raising sterling debt. Interest in sterling borrowing has come recently from Australia. Spain and Portugal and is believed to have been heightened at the moment because sterling interest rates are lower than those on U.S. currency.

The last major Greek loan in the Euromarkets was for the country's Central Bank which raised $550m over eight years at a margin of ⅞ per cent over Eurodollar rates. The loan was highly successful and increased twice from an original $400m because of Greece's willingness to pay what were considered at the time to be realistic terms.

Kaiser has second quarter loss

BY TERRY BYLAND IN NEW YORK

KAISER STEEL, which is in the process of withdrawing from integrated steelmaking suffered a net loss of $1.2m or 16 cents a share in the second quarter of this year, compared with a profit of $22m or $3.09 a share last year. Revenues were $227m against $283.1m.

The group's steelmaking facilities lost $20m in the quarter out of an overall operating loss of $17.9m. At the net level, losses were reduced by interest income of $15.9m. But interest income was down from $17.7m.

Mr Stephen Girard, chairman, blamed price deterioration and continued high costs, "especially labour costs." Steel shipments had fallen 30 per cent in the quarter, reflecting "an extremely weak period."

The outlook for the rest of this year was for continued low order levels and an unfavourable change in Kaiser's product mix, due to a fall-off in the market for large diameter pipe.

At the six months' stage, the group has net earnings of $13.8m or $1.89 a share on sales of $437.8m, but this includes a gain of $21.1m from the sale of the Kaiser Center building in Oakland, California. This compares with $54.4m or $7.72 a share on sales of $543.6m.

Kaiser is in line for a deficit on operations of $400m or more, as expected for fiscal 1982.

Earlier this year, a private investor group headed by Mr Stanley Hiller Jr withdrew a $473m plan for a leverage buy-out of Kaiser. A bid move from some other source is possible.

Strong advance by Rembrandt

By Our Financial Staff

REMBRANDT GROUP, the leading South African cigarette and liquor producer, has reported pre-tax profits of R178.26m ($155m) for the year ended March, a rise of 20 per cent from R148.15m a year earlier.

Tax took R35.23m (against R30.63m a year earlier) and minority interests R6.31m (R2.59m). An extraordinary gain of R2.28m. (against a R735,000 debit a year earlier) and Rembrandt's share in income of associated companies of R68m (R55.49) made a net attributable profit of R207m (R169.68m).

NORTH AMERICAN QUARTERLY RESULTS

ABITIBI-PRICE	1982 $	1981 $
Second quarter		
Revenue	416.2m	466.1m
Net profits	23.29m	38.69m
Net per share	1.01	1.74
Six months		
Revenue	830.9m	877.1m
Net profits	45.31m	68.74m
Net per share	1.95	3.07

AIR PRODUCTS	1982 $	1981 $
Third quarter		
Revenue	380.73m	387.64m
Net profits	14.85m	28.0m
Net per share	0.51	0.98
Nine months		
Revenue	1.15bn	1.17bn
Net profits	140.67m	97.2m
Net per share	4.91	3.41

AMERICAN EXPRESS	1982 $	1981 $
Second quarter		
Revenue	1.94bn	1.79bn
Net profits	143.6m	133.7m
Net per share	1.48	1.42
Six months		
Revenue	3.75bn	3.46bn
Net profits	281.8m	244.1m
Net per share	2.72	2.61

AMERICAN HOME PRODUCTS	1982 $	1981 $
Third quarter		
Revenue	1.09bn	0.95bn
Net profits	126.03m	111.03m
Net per share	0.81	0.71
Six months		
Revenue	2.21bn	2.01bn
Net profits	271.13m	238.52m
Net per share	1.74	1.52

AMERICAN HOSPITAL SUPPLY	1982 $	1981 $
Second quarter		
Revenue	741.2m	658.5m
Net profits	42.3m	35.0m
Net per share	0.58	0.49
Six months		
Revenue	1.45bn	1.29bn
Net profits	82.4m	68.1m
Net per share	1.14	0.96

ARMSTRONG RUBBER	1981-82 $	1980-81 $
Third quarter		
Revenue	150.4m	144.9m
Net profits	4.51m	4.09m
Net per share	1.14	1.02
Nine months		
Revenue	432.3m	401.0m
Net profits	12.95m	12.94m
Net per share	3.28	3.31

BANKERS TRUST NEW YORK	1982 $	1981 $
Second quarter		
Net profits	49.3m	42.0m
Net per share	1.72	1.56
Six months		
Net profits	102.3m	83.2m
Net per share	3.60	3.07

BAUSCH AND LOMB	1982 $	1981 $
Second quarter		
Revenue	134.1m	138.1m
Net profits	11.7m	13.3m
Net per share	0.97	1.12
Six months		
Revenue	259.0m	262.2m
Net profits	21.4m	14.1m
Net per share	1.77	1.17

BURLINGTON NORTHERN	1982 $	1981 $
Second quarter		
Revenue	1.04bn	1.11bn
Net profits	18.1m	35.4m
Net per share	0.43	0.88
Six months		
Revenue	2.05bn	2.22bn
Net profits	53.2m	122.7m
Net per share	1.31	3.14

CANADIAN OCCIDENTAL PETRLM.	1982 $	1981 $
Second quarter		
Revenue	57.0m	54.6m
Net profits	9.85m	8.66m
Net per share	0.45	0.39
Six months		
Revenue	114.3m	103.0m
Net profits	17.0m	16.0m
Net per share	0.77	0.72

COMBUSTION ENGINEERING	1982 $	1981 $
Second quarter		
Revenue	939.5m	996.1m
Net profits	39.4m	38.2m
Net per share	1.19	1.09
Six months		
Revenue	1.08bn	1.83bn
Net profits	69.6m	62.6m
Net per share	2.10	1.89

CONSOLIDATED FREIGHTWAYS	1982 $	1981 $
Second quarter		
Revenue	307.0m	287.6m
Net profits	15.4m	10.8m
Net per share	1.15	0.81
Six months		
Revenue	586.6m	559.3m
Net profits	24.7m	21.3m
Net per share	1.85	1.61

CONTINENTAL GROUP	1982 $	1981 $
Second quarter		
Revenue	1.28bn	1.34bn
Net profits	51.5m	63.2m
Net per share	1.39	1.73
Six months		
Revenue	2.48bn	2.63bn
Net profits	81.9m	115.0m
Net per share	2.14	3.12

CROWN ZELLERBACH	1982 $	1981 $
Second quarter		
Revenue	759.0m	824.0m
Net profits	21.2m	20.8m
Net per share	0.64	0.70
Six months		
Revenue	1.48bn	1.59bn
Net profits	26.8m	39.2m
Net per share	0.74	1.31

DILLINGHAM CORPORATION	1982 $	1981 $
Third quarter		
Revenue	354.66m	403.62m
Net profits	5.31m	4.68m
Net per share	0.37	0.32
Six months		
Revenue	742.4m	783.5m
Net profits	12.17m	9.28m
Net per share	0.82	0.63

WALT DISNEY PRODUCTIONS	1981-82 $	1980-81 $
Third quarter		
Revenue	275.8m	258.0m
Net profits	32.9m	30.2m
Net per share	0.98	0.93
Nine months		
Revenue	735.2m	696.6m
Net profits	72.0m	83.8m
Net per share	2.17	2.57

DONALDSON LUFKIN	1982 $	1981 $
Second quarter		
Revenue	97.2m	68.5m
Net profits	4.7m	3.53m
Net per share	0.37	0.35
Six months		
Revenue	201.5m	132.4m
Net profits	13.2m	10.7m
Net per share	0.64	0.60

ENGELHARD CORPORATION	1982 $	1981 $
Second quarter		
Revenue	447.42m	433.27m
Net profits	16.27m	15.42m
Net per share	0.60	0.57
Six months		
Revenue	883.4m	1.14bn
Net profits	30.53m	30.48m
Net per share	1.13	1.12

FAIRCHILD INDUSTRIES	1982 $	1981 $
Second quarter		
Revenue	303.3m	359.9m
Net profits	11.89m	28.88m
Net per share	0.64	1.56
Six months		
Revenue	565.8m	672.1m
Net profits	21.16m	46.25m
Net per share	1.14	2.50

FEDERAL-MOGUL	1982 $	1981 $
Second quarter		
Revenue	197.5m	218.9m
Net profits	8.97m	11.4m
Net per share	0.70	0.89
Six months		
Revenue	396.3m	427.9m
Net profits	16.3m	20.1m
Net per share	1.26	1.57

FIRST BANK SYSTEM	1982 $	1981 $
Second quarter		
Net profits	25.5m	26.1m
Net per share	1.67	1.71
Six months		
Net profits	51.6m	53.4m
Net per share	3.38	3.52

FLAGSHIP BANKS	1982 $	1981 $
Second quarter		
Net profits	7.22m	6.20m
Net per share	0.80	0.79
Six months		
Net profits	13.8m	13.0m
Net per share	1.71	1.68

GOULD	1982 $	1981 $
Second quarter		
Revenue	517.6m	489.0m
Net profits	20.2m	22.9m
Net per share	0.47	0.51
Six months		
Revenue	1.03bn	948.4m
Net profits	40.9m	41.7m
Net per share	0.94	0.93

E. F. HUTTON	1982 $	1981 $
Second quarter		
Revenue	344.5m	373.6m
Net profits	7.01m	21.63m
Net per share	0.40	1.18
Six months		
Revenue	680.4m	694.0m
Net profits	10.1m	44.2m
Net per share	0.60	2.42

M. LOWENSTEIN	1982 $	1981 $
Second quarter		
Revenue	139.72m	158.79m
Net profits	3.58m	4.47m
Net per share	1.08	1.34
Six months		
Revenue	276.74m	299.72m
Net profits	8.19m	8.85m
Net per share	2.46	2.66

MARTIN MARIETTA	1982 $	1981 $
Second quarter		
Revenue	909.7m	880.2m
Net profits	40.21m	61.13m
Net per share	1.13	1.63
Six months		
Revenue	1.96bn	1.60bn
Net profits	56.02m	100.8m
Net per share	1.57	2.69

MAYTAG	1982 $	1981 $
Second quarter		
Revenue	990.6m	991.0m
Net profits	8.1m	8.22m
Net per share	0.59	0.58
Six months		
Revenue	200.7m	213.7m
Net profits	17.4m	20.0m
Net per share	1.26	1.40

NORTHWEST BANCORP	1982 $	1981 $
Second quarter		
Net profits	29.0m	30.0m
Net per share	1.05	1.15
Six months		
Net profits	55.3m	59.5m
Net per share	2.08	2.25

NORTON COMPANY	1982 $	1981 $
Second quarter		
Revenue	333.2m	343.1m
Net profits	14.9m	30.6m
Net per share	0.88	1.78
Six months		
Revenue	667.3m	670.7m
Net profits	35.3m	53.3m
Net per share	2.04	3.11

OUTBOARD MARINE	1981-82 $	1980-81 $
Third quarter		
Revenue	232.9m	245.4m
Net profits	15.84m	13.97m
Net per share	1.89	1.67
Nine months		
Revenue	576.8m	581.7m
Net profits	22.21m	17.67m
Net per share	2.65	2.11

PAINE WEBBER	1981-82 $	1980-81 $
Third quarter		
Revenue	282.7m	257.9m
Net profits	4.53m	3.27m
Net per share	0.42	0.33
Nine months		
Revenue	794.0m	780.2m
Net profits	15.2m	18.2m
Net per share	1.44	2.24

PARADYNE CORPORATION	1982 $	1981 $
Second quarter		
Revenue	48.5m	31.4m
Net profits	6.59m	4.05m
Net per share	0.45	0.30
Six months		
Revenue	93.7m	59.1m
Net profits	12.4m	7.34m
Net per share	0.88	0.57

ROHM & HAAS	1982 $	1981 $
Second quarter		
Revenue	528.0m	545.4m
Net profits	28.0m	20.5m
Net per share	2.17	1.59
Six months		
Revenue	1.0bn	1.02bn
Net profits	44.0m	52.4m
Net per share	3.41	4.05

SCOTT PAPER	1982 $	1981 $
Second quarter		
Revenue	587.8m	569.8m
Net profits	29.23m	31.48m
Net per share	0.65	0.76
Six months		
Revenue	1.17bn	1.14bn
Net profits	47.87m	57.31m
Net per share	1.06	1.42

STORAGE TECHNOLOGY	1982 $	1981 $
Second quarter		
Revenue	270.7m	214.7m
Net profits	21.0m	15.8m
Net per share	0.60	0.54
Six months		
Revenue	532.6m	396.5m
Net profits	39.0m	27.3m
Net per share	1.12	0.90

SUNDSTRAND CORPORATION	1982 $	1981 $
Second quarter		
Revenue	236.5m	262.4m
Net profits	17.03m	24.35m
Net per share	0.92	1.32
Six months		
Revenue	482.3m	515.9m
Net profits	39.12m	46.91m
Net per share	2.12	2.59

TRANSAMERICA	1982 $	1981 $
Second quarter		
Revenue	1.16bn	1.04bn
Net profits	47.49m	65.08m
Net per share	0.75	0.85
Six months		
Revenue	2.18bn	2.03bn
Net profits	88.36m	100.62m
Net per share	1.39	1.55

UNION CAMP	1982 $	1981 $
Second quarter		
Revenue	389.5m	444.8m
Net profits	33.72m	48.93m
Net per share	1.38	2.01
Six months		
Revenue	761.9m	861.4m
Net profits	65.96m	88.94m
Net per share	2.71	3.66

USAIR	1982 $	1981 $
Second quarter		
Revenue	335.4m	296.1m
Net profits	20.0m	25.2m
Net per share	1.15	1.66
Six months		
Revenue	614.7m	548.0m
Net profits	30.8m	31.4m
Net per share	1.78	2.09

WHEELABRATOR-FRYE	1982 $	1981 $
Second quarter		
Revenue	397.8m	386.9m
Net profits	25.1m	23.03m
Net per share	1.32	1.21
Six months		
Revenue	787.2m	762.9m
Net profits	45.46m	42.58m
Net per share	2.38	2.23

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/87	150	[illegible]	[illegible]	[illegible]	[illegible]	13.37
Amax Int. Fin. 15⅞ 92	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amax O/S Fin. 14⅜ 89	75	[illegible]	[illegible]	[illegible]	[illegible]	15.19
ATT 14⅜ 89	400	[illegible]	[illegible]	[illegible]	[illegible]	13.03
Bakar Int. Fin. 0.0 92	225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BHP Finance 14⅜ 89	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Amer. NT SA 12 87	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Montreal 14⅞ 87	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bque. Indo Suez 15 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Col. Hyd. 14⅜ 89	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burroughs Int. 15⅛ 88	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 14⅞ 87	750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair 15⅜ 87	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 14⅞ 92	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carolina Power 16⅝ 89	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 16 87	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15⅜ 84/92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15⅜ 85/97	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNA 15⅜ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Con. Illinois 15⅞ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Duke Pwr. O/S 15⅛ 89	60	97⅞	98⅜	+0⅛	+1⅞	15.92
Dupont O/S Cap. 0.0 90	300	36	36½	+0⅛	+1	14.37
ECSC 14¾ 87 (April)	80	97⅞	98⅜	−0⅛	+0⅛	15.27
EIB 15½ 89	150	99½	100	0	0	15.50
EIB 15½ 92	100	97⅞	98⅜	0	0	15.88
Eksportfinans 14½ 89	50	97⅞	98	−0⅛	+1	15.01
Gen. Elec. Credit 0.0 92	400	28⅛	28⅝	+0⅛	+0⅛	14.06
Gen. Elec. Credit 0.0 93	400	24⅜	25⅛	0	+0⅛	14.06
Getty Oil Int. 14 89	125	99⅝	100⅛	−0⅛	+1⅞	13.99
GMAC O/S Fin. 16 88	150	102⅛	102⅝	0	+0⅛	15.23
GMAC O/S 15⅛ 85/97	100	99⅛	99⅞	+0⅛	+0⅛	15.32
GMAC O/S Fin. 15 89	125	99⅛	99⅝	+1⅛	+1⅛	15.09
GMAC O/S Fin. 15 87	100	100⅛	100⅝	0	+0⅛	14.80
Gulf Canada Ltd 14⅝ 92	100	97⅛	97⅝	+0⅜	+0⅞	15.24
Gulf Oil 14⅜ 94	175	89⅛	89⅝	+0⅛	+1⅛	14.30
Gulf Oil Fin. 0.0 92	300	27⅜	28⅛	+0⅛	0	14.15
Gulf States O/S 16 90	60	†95⅞	96	−0⅛	+0⅛	16.97
Int-Am. Dv. Bk. 15⅛ 87	55	98⅛	98⅝	−0⅛	+0⅛	15.51
Japan Dev. Bk. 15⅛ 87	50	102⅞	103⅜	+0⅛	+0⅛	14.44
New Brunswick 16⅛ 89	75	102⅞	103⅛	+0⅛	+1⅛	15.40
Ontario Hydro 14⅞ 89	150	99⅛	99⅝	+0⅛	+1⅛	14.86
Pac. Gas & El. 15⅛ 89	45	102⅛	102⅝	0	+1	14.86
Phillips Petrol 14 89	200	97	97½	+0⅛	+0⅛	14.63
R.J. Rynlds. O/S 0.0 92	400	27⅛	28	0	+0⅛	14.32
Saskatchewan 16 89	125	102⅛	103⅛	+0⅛	+1	15.19
Shell Canada 14⅜ 92	125	96⅛	97	+0⅛	+0⅛	15.00
Spain 15⅜ 87	100	99⅞	100	+0⅛	+0⅛	15.75
Superior O/S Fin. 14 89	125	96⅛	97⅛	+0⅛	+2⅛	14.70
Swed. Exp. Cr. 15⅛ 89	100	98⅞	99⅜	+0⅛	+0⅛	15.41
Swed. Exp. Cr. 14⅜ 90	100	94⅞	95⅜	0	+1	15.84
Swed. Exp. Cr. 0.0 94	200	19⅜	20⅛	0	+0⅛	14.83
Texas Eastern 15⅞ 89	60	100⅞	101⅜	0	+0⅛	15.44
Union Carbide 14⅜ 89	150	100⅛	100⅝	+0⅛	+1⅛	14.62
Wells Fargo I. F. 15 87	75	99	99½	+0⅛	+0⅛	15.16
World Bank 14⅜ 87	500	96⅛	97⅛	+0⅛	+0⅛	15.13
World Bank 15¾ 88	250	On day +0⅛ on week +0⅝				
Average price changes...		100⅝	100⅞	−0⅛	+0⅛	15.08

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9⅛ 92	150	98½	99	+0⅛	0	9.44
Australia 9⅛ 91	200	103½	103⅞	−0⅛	+0⅛	8.76
Austria 8⅞ 92	100	94⅞	95⅜	−0⅛	−0⅛	9.16
Barclays O/S In. 8⅞ 94	100	95⅞	96⅜	+0⅛	+0⅛	8.95
Bowater Int. Fin. 8⅞ 89	50	95⅞	96⅜	+0⅛	+0⅛	9.28
Canada 8½ 89	200	102⅞	103⅛	+0⅛	+0⅞	7.96
Comp. Tel. Esp. 10½ 92	100	100½	101	0	−0⅛	10.35
Cred. Foncier 8⅞ 92	100	96⅛	96⅝	+0⅛	+0⅛	9.30
Denmark 10⅛ 92	100	102½	103	+0⅛	+0⅛	9.68
EDF 9⅞ 92	100	100⅛	100⅞	0	0	9.78
EIB 8⅞ 92	100	94⅞	95⅜	−0⅛	−0⅛	9.16
Int.-Am. Dev. Bk. 9 92	150	97⅛	97½	+0⅛	+0⅛	9.37
Nacnl. Financiera 11 90	150	96½	97⅛	0	−0⅛	11.56
Norsk Hydro 8½ 92	100	98⅛	98⅝	−0⅛	+0⅛	8.75
Philips Lamps 8½ 92	100	98½	99	+0⅛	+0⅛	8.69
Philip Morris 8⅛ 90	100	99⅝	100⅛	0	0	8.24
Quebec 10⅛ 92	150	102⅞	103⅜	−0⅛	−0⅛	9.69
Renfe 10 92	100	100	100½	+0⅛	0	9.95
SNCF 8⅞ 92	100	96	96½	+0⅛	+0⅛	9.21
Tauernautobahn 9⅞ 94	50	102	102½	0	0	9.53
Tenneco Int. 9 92	100	98⅛	98⅝	0	+0⅛	9.25
World Bank 9½ 89	100	100⅝	101⅛	0	+0⅛	9.33
World Bank 8½ 92	200	95⅛	96	+0⅛	+0⅛	9.19
Average price changes... On day 0 on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¼ 92	100	101⅛	101½	+0⅛	+0⅛	6.06
Asian Dev. Bank 7 92	100	101⅞	102⅛	0	+0⅛	6.71
Aucalsa 7¾ 92	80	99	99½	+0⅛	+1⅛	7.85
Australia 6½ 94	100	104½	104⅞	0	+0⅛	5.94
BNP 6⅞ 92	100	97⅝	97⅞	+0⅛	+0⅛	7.11
Cse. Nat. l'Energie 7 92	100	101	101⅛	+0⅛	+0⅛	6.83
CFE-Mexico 8⅛ 92	50	96	96½	0	−1⅛	8.83
Co-op. Denmark 8⅛ 92	25	†105	105½	−0⅛	+0⅛	7.58
Crown Zellerbach 6⅞ 92	100	99⅛	100	+0⅛	+0⅛	6.76
Europarat 7⅛ 92	100	101⅞	102⅛	+0⅛	+1	6.96
Ind. Fund Finland 6⅞ 92	30	98⅛	98⅝	+0⅛	−0⅛	6.98
Japan Dev. Bank 6 94	100	100⅛	100⅞	0	+0⅛	5.91
Kobe City 6⅛ 92	100	100⅛	100⅝	0	−0⅛	6.02
Kommunlane 7⅛ 92	35	100⅛	100⅝	−0⅛	−0⅛	7.15
Lonrho Int. Fin. 7½ 92	80	95⅛	95½	+0⅛	0	8.22
Mitsui OSK 6½ 92	100	100⅛	100⅝	0	+0⅛	6.46
Nafinsa 8⅛ 92	80	94	94⅛	+0⅛	−0⅛	9.17
New Zealand 6 92	100	101⅞	101⅜	0	+0⅛	5.79
Philip Morris 6⅞ 92	100	104⅞	105⅛	+0⅛	+2	5.93
Philip Morris 6⅛ 94	100	101⅞	102⅛	+0⅛	+0⅛	6.01
Renfa 7⅛ 92	80	99⅛	99⅞	+1⅛	+1⅛	7.35
Sekisui Pre. 5⅞ 92 WW	73	104⅞	105⅛	+0⅛	+0⅞	5.08
Soc. Lux. de Cnt. 8⅛ 92	80	105½	105⅞	+0⅛	+0⅛	7.17
Svenska Handels. 6⅞ 92	100	98	98⅛	+0⅛	+1	7.02
Tiroler Wasser. 6⅜ 92	100	98⅛	98½	+0⅛	+1⅛	6.47
Vorarlberg Kraft 6⅞ 92	50	102⅞	103⅛	+0⅛	+0⅛	6.32
Average price changes... On day +0⅛ on week +0⅞						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅛ 92	15	97⅛	98	+0⅛	−0⅛	8.61
Int.-Amer. Dev. 8⅞ 91	15	100⅞	101⅞	0	+0⅛	8.64
Japan Airlines 7⅞ 87	9	95⅛	95⅞	0	0	9.09
New Zealand 8⅞ 87	15	99⅞	100⅜	+0⅛	+0⅛	8.31
World Bank 8⅛ 92	30	98⅛	99½	−0⅛	+0⅛	8.50
Average price changes... On day 0 on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Pac. S. 16⅞ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crd. Foncier 17⅛ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz Metro. 17⅛ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 16⅛ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q. Hyd. 16⅞ 89 (My) C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 16⅞ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nwy. 9⅞ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bank 10 87 FI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 87 FI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10⅞ 87 FI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Phil. Lamps 10⅞ 87 FI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 87 FI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14⅞ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14⅞ 90 £ (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 14⅞ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13⅛ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13⅛ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13⅛ 86 £	15	98⅞	99⅞	+0⅛	+1⅛	14.09
Gen. Elec. Co. 12½ 89 £	50	94⅛	95⅛	−0⅛	+0⅛	13.88
Hiram Walker 14⅛ 86 £	25	99⅞	100⅛	+0⅛	+0⅛	14.32
Norsk Hydro. 14⅛ 87 £	30	100⅞	101⅞	0	+1	14.19
Privatbanken 14⅛ 88 £	12	97⅞	98⅞	+0⅛	+1⅛	14.96
Quebec 15½ 87 £	35	103	104	+0⅛	+0⅛	14.36
Reed (Nd) NV 16⅛ 89 £	25	106	107	0	+1⅛	15.08
Royal Trustco 14 86 £	12	99⅛	100⅛	+0⅛	+0⅛	13.97
SDR France 15½ 92 £	30	101⅛	102½	0	+1	15.10
Swed. Ex. Cr. 13⅛ 86 £	20	98½	99½	−0⅛	+0⅛	14.04
Eurofima 10½ 87 LuxFr	500	96	97	+0⅛	+0⅞	11.39
EIB 9⅞ 88 LuxFr	600	92⅛	93⅛	0	+0⅛	11.43

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98⅛	98⅝	15/10	15.69	15.93
Bk. of Tokyo 5⅛ 91 (D)	0⅛	98⅛	99⅛	8/12	15⅛	15.33
Bk. Nova Scotia 5⅛ 93	0⅛	98⅛	99⅛	29/10	15⅛	15.28
BFCE 5⅛ 88	0⅛	99	99½	28/10	15	15.11
BFCE 5⅛ 87	0⅛	99⅛	99⅞	27/7	16⅛	16.31
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅛	21/10	15⅛	15.83
CCCE 5⅛ 2002	0⅛	98⅛	98⅞	11/12	15⅛	15.59
CEPME 5⅛ 92	0⅛	98⅞	98⅛	10/12	15.44	15.57
Chemical NY 5⅛ 94	‡0⅛	98⅛	98⅛	23/9	16.69	16.77
CIBC 5⅛ 94	0⅛	98⅞	98⅛	15/1	15⅛	15.48
Cont. Illinois 5⅛ 94	‡0⅛	96⅛	96⅞	24/9	16⅛	16.80
Credit Agricole 5⅛ 97	0⅛	99	99½	24/9	15.44	15.55
Credit du Nord 5⅛ 92	0⅛	99⅝	100⅛	23/12	16.81	16.83
Credit Lyonnais 5⅛ 97	0⅛	99	99½	1/10	16	16.12
Credit Lyonnais 5⅛ 94	0⅛	100⅛	100⅛	1/1	16.94	16.85
Credit Nat. 5⅛ 94	‡0⅛	98⅛	98⅛	9/9	14.69	14.89
Ireland 5⅛ 89/94	0⅛	†98⅛	98⅛	25/11	14⅛	14.97
Kansallis Osake 5⅛ 92	0⅛	99⅛	99⅝	6/11	15.13	15.41
Lloyds Eurofin 5⅛ 93	§0⅛	99⅛	99⅛	29/10	17⅛	17.21
Long Term Cred. 5⅛ 92	0⅛	98⅞	98⅞	29/11	14⅛	14.83
J. P. Morgan 5⅛ 97	§0⅛	99	99½	12/8	14⅛	14.74
Nat. West. Fin. 5⅛ 91	§0⅛	99½	100	15/1	15⅛	15.29
New Zealand 5⅛ 87	0⅛	99⅝	100⅛	7/10	15.56	15.56
Nippon Credit 5⅛ 90	0⅛	98⅛	99⅛	10/8	16.06	16.18
Offshore Mining 5⅛ 91	0⅛	99	99½	2/12	14.19	14.29
PKbanken 5 91	0⅛	99⅛	99⅛	17/12	15.81	15.89
Scotland Int. 5⅛ 92	0⅛	98⅛	99⅛	23/9	15⅛	15.55
Sec. Pacific 5⅛ 91	0⅛	99	99½	24/11	15	15.11
Societe Generale 5⅛ 95	0⅛	99⅛	99⅛	1/9	15.31	15.41
Standard Chart. 5⅛ 91	0⅛	98⅛	99⅛	18/11	14⅞	15.04
Sweden 5⅛ 89	0⅛	99⅛	99⅛	26/8	15.31	15.39
Toronto Domin'n 5⅛ 92	0⅛	98⅞	99⅛	11/8	16⅛	16.58
Average price changes... On day 0 on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	87	88½	−0⅛	10.36
Bow Valley Inv. 8 95	4/81	23.12	95	96½	0	60.62
Bridgestone Tire 5½ 96	3/82	470	85½	87	−0½	2.15
Canon 6⅛ 95	1/81	829	86½	88⅛	−0⅛	15.39
Canon 7 97	7/82	748.2	96½	98	−1⅛	0.37
Chugai Pharm. 7⅛ 96	7/82	709.6	104	105½	−0⅛	10.02
Fujitsu Fanuc 4½ 96	10/81	5641	82½	84⅛	+1⅛	20.80
Furukawa Elec. 5⅛ 96	7/81	300	90	91½	+8	1.00
Hitachi Cable 5⅛ 96	2/82	515	85⅛	86⅛	+1⅛	7.54
Hitachi Cred. Cpn. 5 96	7/81	1612	75½	77½	−0⅛	15.82
Honda Motor 5½ 97	3/82	941	86⅛	87⅛	−0⅛	6.28
Kawasaki 5⅛ 96	9/81	229	63⅛	64⅞	−0⅛	18.63
Marui 6 96	7/81	846.4	98⅛	100⅛	+1⅛	8.89
Minolta Camera 5 96	10/81	826.4	61½	63	+1	33.34
Minorco 9⅛ 97	5/82	8.16	†80	82	+0⅛	10.78
Murata 5⅛ 96	7/81	2168	68⅛	69⅞	+0⅛	32.47
NKK 6½ 96	7/81	186	74⅛	76	+2⅛	−17.05
Nippon Chemi-C. 5 91	10/81	919	162	83	0	25.05
Nippon Electric 5⅛ 97	2/82	846	90½	92	0	9.23
Orient Finance 5⅛ 97	3/82	1205	90⅛	91⅞	+2⅛	13.67
Sanyo Electric 5 96	10/81	652	86	88½	−0½	12.90
Sumitomo Elec. 5½ 97	3/82	577.3	88⅛	89⅞	+3½	12.66
Sumitomo Met. 5⅛ 96	10/81	296.1	81	82½	−1	38.48
Swiss Bk. Cpn. 6⅞ 90	9/80	191	74	76	0	31.94
Konishiroku 6 90 DM	2/82	585	99	100	−0½	4.06
Mitsubishi H. 6 89 DM	2/82	263	89	90	0	34.56

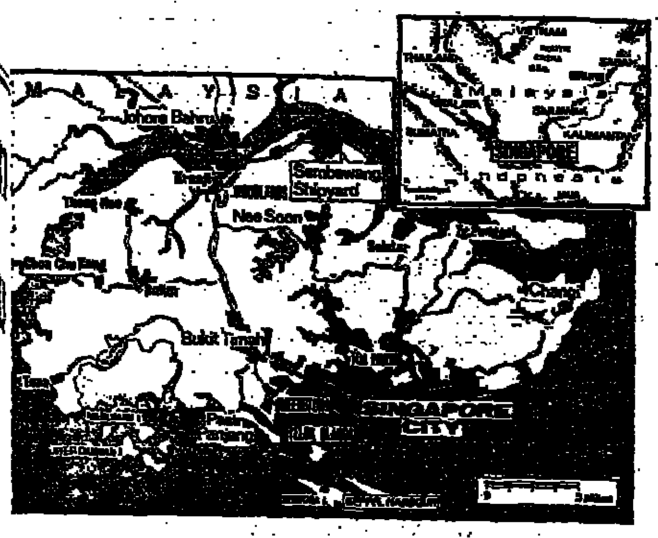
* No information available—previous day's price.

† Only one market maker supplied a price.

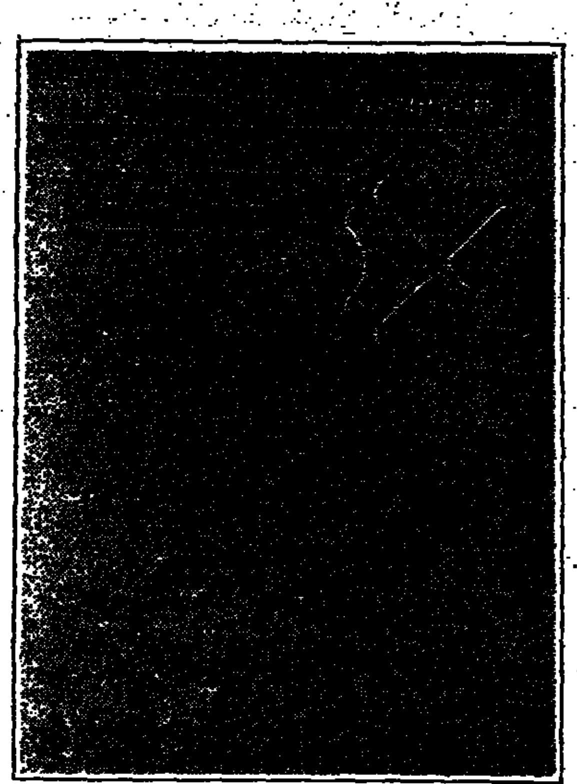
Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



INVEST IN SINGAPORE

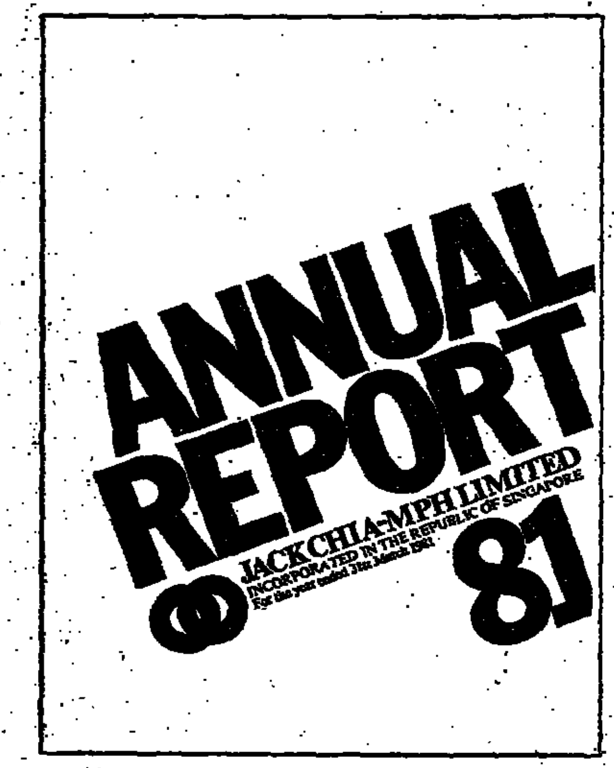


The Development Bank of Singapore Ltd.

DBS — The Development Bank of Singapore Ltd is Singapore's leading and largest bank. Group assets now exceed S$11 billion and shareholders' funds S$725 million. After-tax profit for 1981 reached a record S$112 million.

A universal bank, DBS provides development financing, commercial banking, investment banking and other specialised financial services. International banking offices are presently found in London, New York, Tokyo, Hong Kong and Seoul. Through DBS Land, a wholly-owned subsidiary, DBS is also a major real estate investor, developer and manager. *The billion dollar Raffles City is a DBS project.*

Owned jointly by the Government of Singapore and private shareholders, DBS shares are traded on the Singapore and Kuala Lumpur Stock Exchanges.

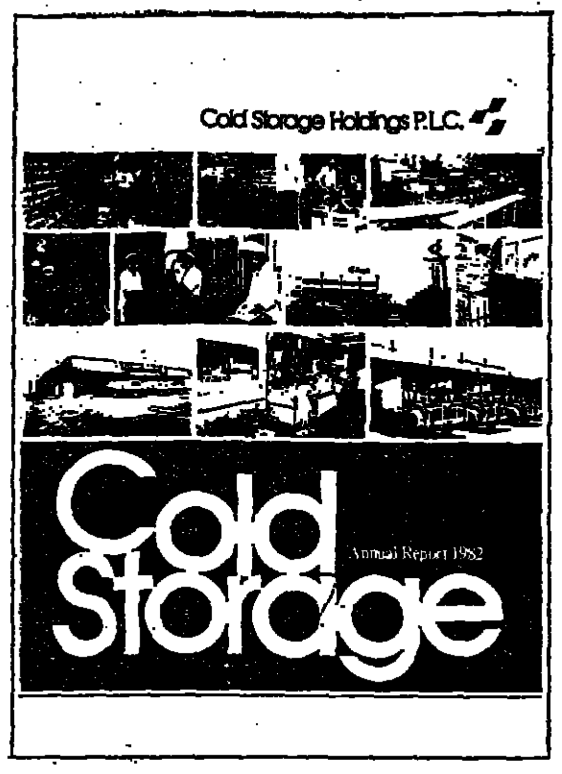


Jack Chia—MPH Ltd.

Since the Jack Chia Group took over control in 1972, Jack Chia-MPH expanded rapidly through acquisition and internal growth. The Group's diversified activities now cover manufacturing and marketing of consumer products, bookselling and publishing, hoteling, leisure business and property development in Singapore, Malaysia and Australia. Subsidiary Hotel Tai-Pan *in Singapore is being expanded into a 500-room hotel.*

For year ended 31 March 1981:-

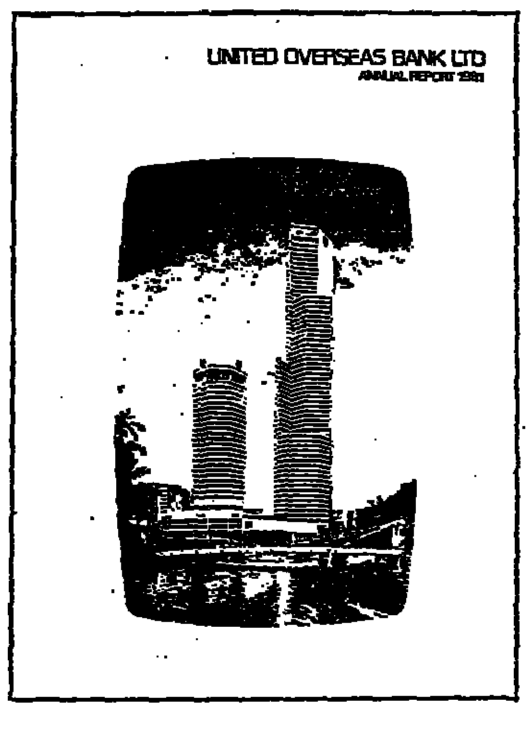
Turnover	—S$ 73m
Pretax profit	—S$ 10m
Attributable profit	—S$ 7m
Shareholders funds	—S$102m



Cold Storage Holdings P.L.C.

The company was established in Singapore in 1903 and has subsidiaries and associates operating in Singapore, Malaysia and Australia. The Group is engaged in the manufacture and distribution of food and drink products as well *as in property investment and development.*

Centrepoint shopping mall in Orchard Road, due to open in 1983, will be one of the largest in Singapore. Sunshine bread and Magnolia milk, beverages *and ice-cream are two of the Group's many well established brands in* Singapore and Malaysia. In Australia, the Group owns Foodland Holdings, a wholesale food distributor and has an associate investment in Safcol Holdings, a large seafood processing and marketing company.

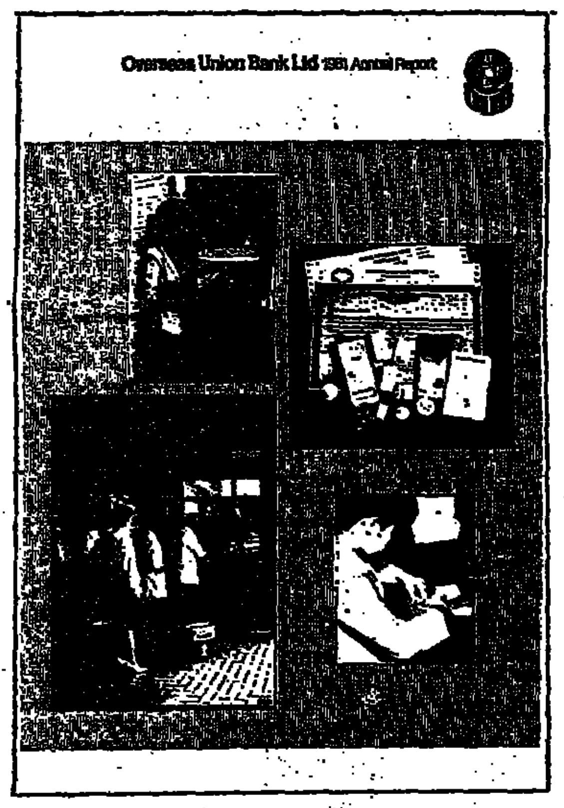


United Overseas Bank Ltd.

The United Overseas Bank Group is the largest local banking group in Singapore. It has a wide network of branches in Singapore, Malaysia and the major capital markets. Apart from providing a complete range of banking services, the Group also has diversified interests in a finance company, insurance, merchant banking, investment management, property, *development, discount house operations and hotel management.*

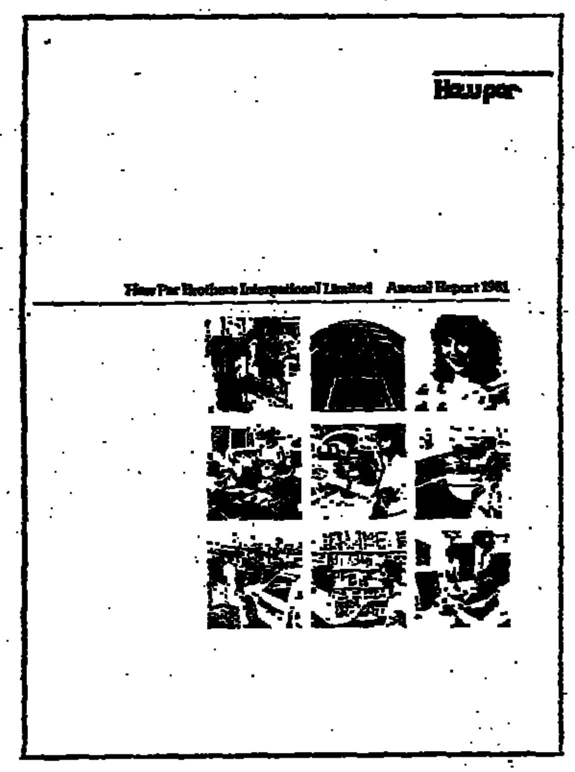
1981 Highlights :

Total Assets	: S$9,673.2 million
Total Deposits	: S$5,341.8 million
Total Loans (Advances & Trade Bills)	: S$3,977.8 million
Net Profit	: S$ 133.4 million
Shareholders' Funds	: S$ 973.9 million



Overseas Union Bank Limited (OUB)

Overseas Union Bank Ltd (OUB) established in 1947, is one of Singapore's leading banks. It is a publicly listed company with a paid-up capital of S$201.2 million and an asset base of S$4.5 billion. Its 52 branch network extends throughout Singapore, Malaysia, Hong Kong, Tokyo, London, Brunei, New York, Los Angeles and soon, Toronto. Apart from the Bank's full *range of banking services,* it is also affiliated to 19 subsidiary and 29 associated companies engaging in a wide range of business activities. The *OUB Group interests cover* insurance, finance companies, discount company, merchant banking, bullion dealing, hotels, property development and management, leasing, newspaper publishing and nominee, trustee and investment management services.



Haw Par Brothers International Ltd.

A Singapore based investment holding company with diversified interests in Singapore, Malaysia, Hongkong and Indonesia.

Principal activities comprise pharmaceuticals, textiles, insurance, property, *investments, computer services, travel and distribution of industrial,* consumer and sporting goods.

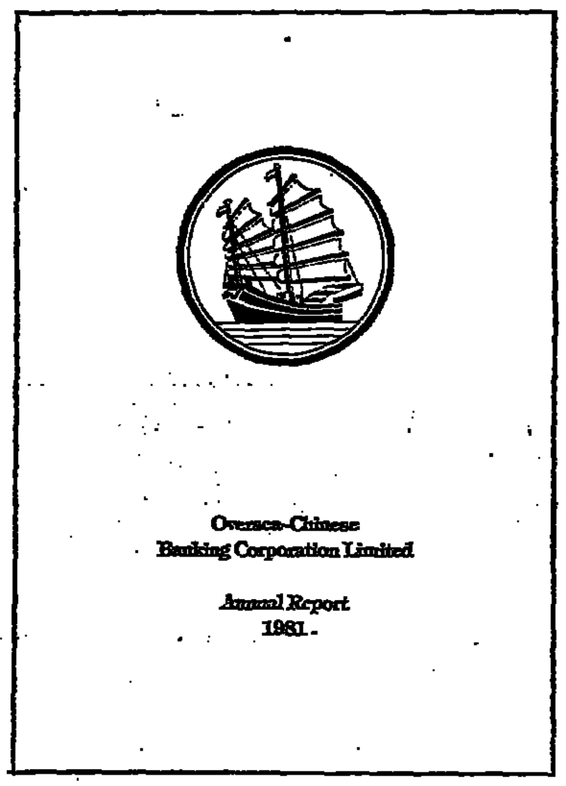
Turnover in 1981 was S$314 million and total profit attributable to *shareholders S$56 million.*

The shares are traded on the Stock Exchanges of Singapore, Kuala Lumpur, Hongkong and London.

Straits Steamship Company Ltd.

In 1981, our property investments, which account for 75% of our assets, became the biggest single source of earnings for the Straits Steamship Group. Earnings from shipping were *only marginally behind property.* The earnings contribution from our investments in engineering and support services is growing fast.

The Group intends to build primarily on these three mainstream activities and broaden its geographic base along an axis running from Kuala Lumpur *through* Singapore and Jakarta to Perth.

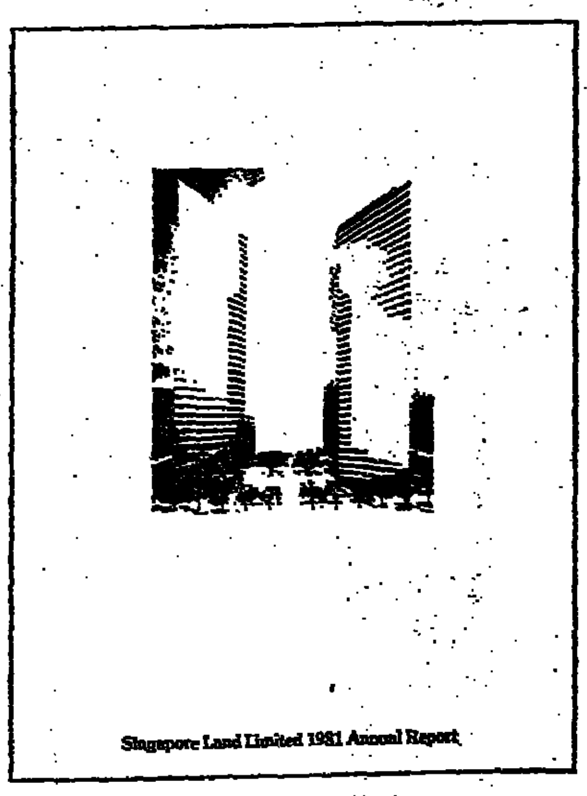


Oversea-Chinese Banking Corporation Ltd.

Established in 1932, OCBC is acknowledged as one of the leading banks both in Singapore and South-East Asia.

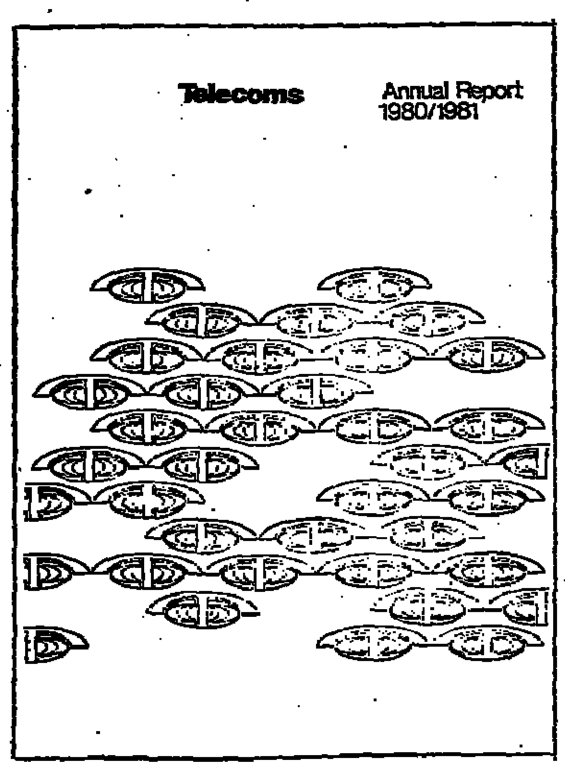
With its policy of continuous modernisation and diversification, it has become an international financial institution with branches in Singapore, Malaysia, Hong Kong, Kowloon, London, New York (Agency), Shanghai, Tokyo and Xiamen.

Total Shareholders' Funds exceed $877 million and Total Assets exceed $7020 million.



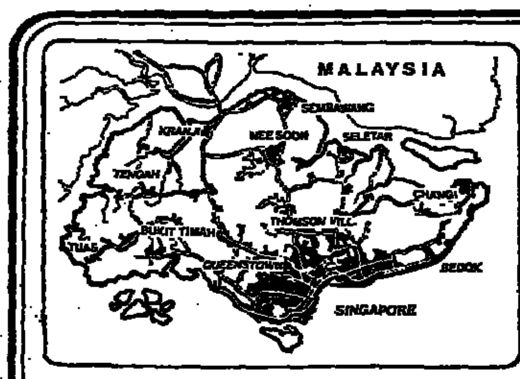
Singapore Land Limited

A major property development and investment company in Singapore with a substantial portfolio of properties. The Company owns and manages a number of high quality commercial properties in prime locations within the City. *Those under construction comprise offices, hotels, retail and residential* developments.



Telecoms

Telecommunication Authority of Singapore (Telecoms) provides Singapore's national and international telecommunication services. Its telecommunication networks incorporate the latest electronic technology and are largely computer-based and *have been important in the Republic's rapid* development as a major centre for commerce, industry, manufacturing, *export, finance and as a communication centre in the region. To meet future* requirements Telecoms will invest another US$1,350 million in the next 5 years *in new capital equipment* and keeping abreast with technological advances.



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- ☐ Straits Steamship Company Ltd
- ☐ Oversea-Chinese Banking Corporation
- ☐ Singapore Land Co
- ☐ Telecoms

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Irish brewer seeks new partner

BY BRENDAN KEENAN IN DUBLIN

HOW CAN an Irish brewery—of all things—go out of business? The answer seems to be easily, if management reads the market wrongly and fails to stop costs and borrowings from rising sharply.

That is the lesson facing the Cork-based brewery Murphy's, whose stout has rivalled Guinness in the affections of those living in the deep south of Ireland for 125 years. The brewery is now in receivership. Having run up debts of I£8m and lost I£3m last year it has failed to get shareholders to stump up I£1.5m of new capital.

Murphy's is an unusual company. In 1974, more than 1,000 Cork and Dublin publicans clubbed together to put money into the financially stretched brewery. Their objective was to avoid a complete stranglehold of the market by Guinness and the Canadian multinational, Carling-O'Keefe — famous for Carling Black Label lager—which is represented in Ireland by another Cork group, Beamish and Crawford.

The company's current difficulties arise partly from a decision in 1978 to build a I£1.7m mixed drinks bottling plant. At the time things seemed to be going well for Murphy's. It had acquired the Irish franchise for the Dutch brewer, Heineken, whose lager now has around 20 per cent of the Dublin market.

But the new bottling plant's first two years' trading saw a 20 per cent drop in spirit sales as Irish governments sought to cover budget deficits with ever-increasing duties on drink.

Shareholders have criticised the company for the plant's poor financing, and for weak marketing. There were board room rows, with Mr Phil Meagher, the founder-director, resigning in 1979 only to return in 1980, and the subsequent resignation of Mr Michael Long, the managing director.

Since then, efforts to keep the brewery afloat have been in the hands of Mr Bill McDonogh, the chairman. He organised the attempt to raise fresh shareholders' funds and still hopes to support Murphy's with the shareholders' cash. "I would like to see Murphy's remain in the hands of the licensed trade," he says.

The future, however, now lies in the hands of the receiver, Mr John Donnelly of Deloitte, Haskins and Sells. He is convinced that Murphy's needs a financially strong owner with the necessary resources of technology and expertise.

That would appear to mean another brewer, with the most likely candidates being Heineken and—still in the wings—Beamish and Crawford. Mr Donnelly is open to offers, but so far no one has made a public move, although Heineken has agreed to continue Murphy's franchise.

Mr Donnelly's dilemma is that any arrangement must retain the goodwill of the publicans—who are also the shareholders—to ensure that they continue to stock Murphy's products. "It's a bit like walking on eggs," he says.

He must also be aware that the citizens of Cork would not lightly forgive him if Murphy's, and especially its products, were to disappear from the local scene.

Walter Ellis reports on the reviving fortunes of the Dutch copier group

Oce back on the road to recovery

OCE VAN DER GRINTEN, the Dutch-based reprographics group, seems to have put its troubles behind it. Ozalid Group Holdings, its struggling UK subsidiary, has made a profit of £1.28m ($2.2m) for the six months to the end of May.

The group, which makes advanced photocopying and dye-line equipment, last year recorded a loss of Fl 7.9m ($2.9m), almost entirely due to a Fl 25m deficit at Ozalid. But the latest six-month figures show a distinct turnaround, with overall profits of Fl 20.1m. It looks as though, if the recovery at Ozalid continues, the company will be back on target for the rest of the 1980s. Its machines sell in more than 80 countries, and it employs a skilled workforce of nearly 13,000.

When Oce bought Ozalid in 1977 it did not realise the extent of the company's problems, which have since been the subject of a British Board of Trade enquiry. Management had been slack at best, and there were several allegations of malpractice. Oce discovered that the only way in which it could make the company profitable was by complete reorganisation. It cut about 2,000 jobs, and installed an almost completely new management.

By the first quarter of this year, there were mutterings of a break-even point in sight. Last week Ozalid was back in the black.

In Venlo, the group's south Netherlands headquarters, within a stone's throw of the West German frontier, Mr Jan Kaptein, Oce managing director, can concentrate once more on the research and marketing programme which has transformed his company from an obscure dye-line machine maker into one of the world's best-known manufacturers of photocopiers.

One of the factors which has built up OCE's reputation in the 10 years it has been involved in copiers is reliability. The company maintains that its machines break down much less often than those of its rivals, even when under the constant daily pressure of use in a large, modern office.

Oce's research and development department, employing 600 specialists, decided some years ago that the answer to jamming—the most frequent cause of copier breakdowns—was to keep paper outside the process until the last possible moment.

In order to keep ahead of the competition, which includes Xerox, Canon, Sharp and Minolta, Oce embarked last year on a five-year research programme worth Fl550m, of which Fl160m was provided by the Dutch Government in the form of a risk-bearing loan and Fl40m as a grant.

Under Mr Dries van Agt, recent Dutch Governments have not been anxious to give money to industry, and the extent to which it helped here is a measure of how much faith is reposed in the Venlo concern.

OCE considers that its research costs have been more than repaid by sales, which rose

OCE'S RECENT PERFORMANCE

	Net profit Fl (m)	Sales Fl (bn)
1976	32.6	0.75
1977	37.7	1.18
1978	41.3	1.25
1979	42.7	1.30
1980	37.6	1.44
1981	*7.9	1.64

* Loss

to Fl 835.6m in the six months to the end of May.

The group is extending the range of its successful 1900 series plain paper copier and, through an agreement with Dietz Technovision of West Germany, is adding computer-aided design equipment to the facilities available with the 1900. It is also studying the whole field of data-processing and is seeking to develop its own means of producing a paper image by facsimile process from an original conceived electronically.

While the company's copiers continue to develop, it is beginning to draft its long-term response to the demand for integrated office equipment.

At the same time, it is not ignoring its faithful servants of past years. Dye-line equipment produced in Venlo is some of the most sophisticated of its kind in the world, enabling designers as large as Renault and as small as a free-lance architect in Amsterdam to work out their ideas with the latest aids.

Just as Eindhoven is the home of Philips and that city's reason for being, so Venlo, in the southernmost Dutch province of Limbourg, is beginning to see itself as home to Oce van der Grintgen. The company exudes an old-fashioned benevolence about its employees, and has done much to improve the conditions of their employment. It has tried, for example, to raise the interest level of its assembly workers by ensuring that they do not perform the same tasks day in day out.

Such care pays dividends. The workforce is well looked after and is loyal to the management. At a time of recession, with orders hard to come by, this is no small achievement. It was the lack of such mutual identification that so shocked OCE when it came to survey the shambles that was Ozalid, and it is its efforts to introduce Venlo methods to its UK operation as much as the cuts in the labour force which has now brought the group as a whole back into profit.

Turkey to bail out special steel maker

By Metin Munir in Istanbul

THE TURKISH Government is to bail out Asilcelik, the special steel maker which has been incurring severe losses because of its foreign currency denominated debts.

The State-owned Ziraat (Agriculture) Bank, the largest commercial bank in Turkey, will be told to buy 12bn Turkish lira ($75m) worth participation bonds in the company.

Asilcelik will also raise its capital by 50 per cent to the equivalent of $37.5m. The capital structure will not be altered by either the capital increase or the participation bond issue.

The biggest shareholder is Koc, Turkey's largest private industry and trading conglomerate, which holds 25 per cent. Other shareholders include four banks—Is, Ziraat, Turk Ticaret and Sinai Kalkinma—and the International Finance Corporation (IFC).

Asilcelik, which is operating at 75 per cent of its 100,000 tonnes annual capacity, has been making losses because repeated devaluations have pushed the Turkish lira equivalent of its foreign currency loans sky high. The U.S. dollar, which was worth 16.5 lira when Asilcelik obtained a $60m loan, is now worth 165 lira. The added burden placed on the company by devaluations amounts to 10bn lira.

● TWO State-owned Turkish banks will become partners in Guney Sanayii, the country's major textile company, in an effort to save it from bankruptcy.

The Ziraat Bank will buy 1.4bn Turkish lira, or 20 per cent, of the company's stock, writes our financial staff. Sumerbank, the textile and ceramics concern, will buy 700m lira, or 10 per cent, of the stock.

Guney Sanayii's capital will be raised. Its export credits have been extended for a year.

Sandoz lifts sales

Turnover of Sandoz, one of Switzerland's "big three" chemical groups, rose by 3.5 per cent to SwFr 3.1bn ($1.47bn) in the first half of 1982. Profits were "satisfactory."

Ambrosiano Peru confirms debt role of Vatican

BY DUNCAN CAMPBELL-SMITH IN LIMA

BANCO Ambrosiano Andino, the Peruvian subsidiary of the troubled Italian Abrosiano group, has revealed new information here which heavily underlines the commitment given to the group by the Vatican in connection with loans of up to $1.4bn.

The apparent disappearance of the proceeds and the Vatican's delay in acknowledging any obligation to repay the loans is at the heart of the crisis surrounding the Ambrosiano group, which has developed into a major problem for Italy in the Euromarkets.

The loans were arranged in Milan and Luxembourg but booked to Ambrosiano subsidiaries in Lima and Nicaragua with balancing deposits between October 1979 and early 1980. They were advanced to more than a dozen Panamanian companies whose ownership remains undisclosed.

Sig Giorgio Nassano, chairman of Banco Ambrosiano Andino in Lima, has said here that the state bank of the Vatican, the Instituto per le Opere di Religione (IOR), not only gave the group letters of comfort vouching for its control of the Panamanian companies but also handed over signed loan account statements acknowledging interest details and repayment dates on the loans themselves.

Copies of these critical documents are held in the Lima bank, which telexed full details of all its client accounts and book ledgers to Banco Ambrosiano Holding of Luxembourg on June 19.

The bank's management has confirmed that the documents were obtained in Italy as firm guarantees of the loans at the express insistence of the Lima directors, who flew to Milan in August 1981 and had a stormy meeting there with the late Sig Roberto Calvi, the former chairman of the Ambrosiano group.

According to Sig Nassano, he and his colleagues threatened to resign immediately if the written guarantees were not forthcoming. They were apparently satisfied with the above documents, which were provided just over a month later, in September 1981, and still regard them as legally binding on the IOR.

It has also emerged that Sig Calvi early this year gave his directors a verbal assurance that the loans would be repaid in their entirety by June 13. Sig Nassano insists that this promise was extracted from Sig Calvi at a meeting of the Milan parent bank's directors which he himself attended in Milan at the end of January.

Banco Ambrosiano Andino was inaugurated as an offshore bank in Peru in October 1979. Its directors then comprised three Italian senior managers of Banco Ambrosiano in Milan as well as Sr Alvaro Meneses, a Peruvian prominent at that time in the management of Peru's economy. Sig Filippo Leoni, Sig Carlo Costa and Sig Giacomo Botta, the three Italian directors, resigned in June 1981. They were replaced by Sig Nassano, two of the Ambrosiano group's Luxembourg-based managers and Sr Jorge Carrera, a Peruvian lawyer.

Since June 19, the Lima bank has effectively suspended its operations, only passing on copies of all incoming telexes to the commissioners running the parent bank in Milan. It has yet to receive back any instructions from them.

Talks to sell Swiss bank stake

BY JOHN WICKS IN ZURICH

NEGOTIATIONS are under way for the sale of a 45 per cent shareholding in the Lugano-based Banca Del Gottardo by Banco Ambrosiano Holdings, the Luxembourg subsidiary of Banco Ambrosiano.

The Swiss bank said yesterday that it was hoped the talks —"with various interested parties"—could be concluded soon. Gottardo declined to give details of the interested parties' nationalities or say what business they were in. This latter statement would seem to indicate that non-banks might be among those interested.

Banca Del Gottardo is Switzerland's second biggest foreign-controlled bank. Its balance-sheet total rose in the first half of this year by 4.8 per cent to SWFr 3.83bn ($1.82bn), excluding $291m for its Nassau subsidiary, Gotthard Bank International, and SwFr 199m for the Davos-based subsidiary, Dreieck Finanz. In a recent statement the Lugano bank said first-half earnings had exceeded those achieved in the corresponding period of 1981 and the budgeted target to reach a "gratifying" level.

Any bids would be for the Luxembourg holding company's 45 per cent stake in Gottardo's share capital of SwFr 80m. The Luxembourg company holds none of Gottardo's SwFr 20m participation certificate capital.

Despite its link with Ambrosiano, Gottardo has stressed that claims on the Ambrosiano group amounted to less than 3 per cent of the bank's consolidated assets. There were no fiduciary deposits with Ambrosiano group companies, nor did it hold any direct or indirect participation in any such companies.

OEIAG asks for more aid as cash-flow flags

BY PAUL LENDVAI IN VIENNA

OEIAG, the holding company for 28 Austrian nationalised companies, says 1981 was its "worst year ever." Only OEMV, the state oil corporation, was capable of paying a dividend.

Mr Oscar Gruenwald, director general, said the board would have to ask the Government for additional subsidies of between Sch. 1.5bn and Sch. 2bn ($115.3m) this year.

The ailing steel and special steel branches will get about Sch 6bn in subsidies. Elin, the engineering group, needs Sch 800m, Ranshofen-Berndorf, the aluminium producer, Sch 500m, and BBU, the non-ferrous metal company, Sch 120m of new capital. This means that major loan issues will have to be floated by OEIAG and guaranteed by the Federal State.

OEIAG reports an aggregate turnover of Sch 165bn, up 14 per cent on 1980. Exports were also up by 14 per cent to Sch 53.7bn. But the cash flow could finance only 31 per cent of investments, which were down by 19 per cent to Sch 7.5bn, as against 50 per cent in 1980 and an average of 80 per cent between 1970 and 1980.

Kepco loan attracts major banks

A planned US$310m loan to the Korea Electric Power Corporation (Kepco) has attracted a strong response from major international banks, Robert Cottrell writes from Hong Kong.

Bids for the Kepco loan were invited on June 13. The company wants the money for existing commitments rather than new projects. These include US$110m for construction cost over-runs on its number five and number six nuclear plants; US$30m for down-payments on plants nine and 10, to be built by France's Framatome; and US$20m towards building a terminal to receive Indonesian liquified natural gas.

Taxes concern Luxembourg's foreign banks

By William Hall, Banking Correspondent

SEVENTEEN foreign banks in Luxembourg which have their capital denominated in foreign currency are to meet Dr Pierre Jaans, Luxembourg's banking commissioner, today to express growing concern about the impact of local taxes on their business.

The weakness of the Luxembourg currency against the U.S. dollar has meant that the 17 banks are facing a substantial increase in their tax burden, because of the impact of exchange rate movements on their capital base. Several banks believe that unless some relief is given, they may be forced to reappraise the usefulness of their Luxembourg operations.

According to the banks, the problem arises since one of the basic principles of the Luxembourg tax code is that income tax is calculated on the difference in net assets between the start and end of the fiscal year.

INTERNATIONAL APPOINTMENTS

United Plantations restructuring

BY WONG SULONG IN KUALA LUMPUR

● UNITED PLANTATIONS, the formerly Danish-owned palm oil and cocoa group, now under Malaysian ownership following the successful takeover by Kumpulan Fima, has announced a restructuring of its board of directors.

Dato Haji Basir, chairman of Fima as well as Kulim Malaysia, another plantation group, has been appointed as UP's new chairman, and two other Fima's nominees, Mr Fouad Khaled Jaffar and Mr Ahmad Azizuddin also join the board. Dato Bek Nielsen will remain as managing director, while Mr K. M. S. Stimpson and Mr H. J. Jorgensen will remain as executive directors. Dato Mohamed Thus, Mr K. G. Sehested, Mr W. J. Huntsman, and Mr E. Benzon have resigned from the board.

Fima made a bid of 5 ringgit per share cash bid for UP last May and now owns 72 per cent of its 99.5m shares of one ringgit par value. UP owns 39,000 acres of high yield palm oil, cocoa, and coconut land in Lower Perak state and is in the final stages of negotiating with the Perak Government for another 30,000 acres adjacent to its plantations.

● Mr Howard H. Ward will become chief executive officer of COMMERCIAL UNION companies in the U.S. from August 1. From that date, Mr William T. Buntrock becomes senior executive vice-president, insurance. At the same time, Mr Brian Arnold, general manager and director of Commercial Union Assurance Company in London, is being seconded to the U.S. as senior executive vice-president, corporate services. Mr Arnold will retain his position as a director of Commercial Union Assurance Company.

● APPLE COMPUTER INC. has appointed Mr Joseph M. O'Keefe as managing director of its manufacturing operations in Europe. He was general manager of Telectron, AT and T's Irish subsidiary company. He has held senior management positions with General Electric in the U.S. and its subsidiary company in Ireland, ECCO, and also with Emerson Electric Company's Irish subsidiary, Ridge Tool Ireland. Apple Computer has two plants in Ireland. The main facility in Cork manufactures Apple II and Apple III micro-computers for the European market. The Apple plant in Millstreet Town makes electronic keyboards and peripheral equipment for micro-computers.

Mr Joseph M. O'Keefe, now managing director of Apple Computer, Ireland

● Mr Gerald J. Cardon, sales manager since March for CLARK BOBCAT EUROPE, has been named as the new managing director, in Brussels. For the last four years, European operations have been headed by Mr James D. Kertz, who now returns to the U.S., promoted to vice-president marketing in charge of Bobcat and agricultural product sales in the U.S. and Canada.

● Ms Ellen V. Futter, the president of Barnard College, New York, has been elected to the board of SQUIBB CORP.

● Dr Ronald S. Campbell Jr has been named a vice-president of XEROX CORP. and the company's chief technical officer. He has been vice-president research and development at Raytheon Co., Lexington, Massachusetts, since 1978.

● Mr James H. Frame has been elected a vice-president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORP. He is director programming ITT, a position he has held since joining the company in 1978.

● AGB RESEARCH has completed the purchase of the entire share capital of National Family Opinion Inc. for $9m. NFO's services are nationally based with main offices at Toledo, Ohio. Mr Bernard Audley, chairman of AGB Research has been appointed chairman of NFO and Mr David Wharrie, joint managing director of AGB, has been appointed to the board. Chief operating officer will be Mr Bill Lipner, previously vice-president marketing, who has been appointed president of NFO. Mr Jack Trumbull, who has been president of NFO for 18 years, remains a director.

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PROTAGONISTS DRAW UP BATTLE LINES

Tokyo's offshore banking dilemma

Increased pressure for offshore banking facilities in Japan has followed a whirlwind tour of international centres by the country's bankers and others. A reserve assets system has been mooted to counter objections that offshore banking might upset the domestic money market, *Richard C. Hanson reports from Tokyo*

THE WIDELY CANVASSED *but controversial progression of* Japan towards setting up an offshore banking centre in Tokyo has been pressed forward by a whirlwind tour of such centres abroad by protagonists of the idea and others involved.

A broad idea has been put forward following this tour to tackle one major issue—that of how Japan's rigidly set-up domestic money markets might be protected against the possible damaging effects of such a development.

A delicate system of reserve requirements on inflows and outflows of yen, it is suggested, might be set up to safeguard the domestic markets in the emergence of an offshore banking centre or international banking facility (IBF), as it is also known.

The idea is put forward as the first outlines of what such a market might look like begin to take shape. A consensus on establishing an IBF which would broaden Japan's already substantial involvement in the Euromarkets has yet to emerge, but pro-IBF forces are preparing concrete proposals to put to the Government.

The concept of setting up in Japan an offshore banking centre—dealing in external liabilities and assets—first received serious attention in the late 1970s, as one means of making life easier for Tokyo's large foreign banking population. Interest has been heightened by New York's establishment last December of an IBF.

There is opposition to a similar move in Japan however. Bank of Japan, the central bank, is firmly against it, as are certain kinds of commercial banks which fear that their traditional ways of business *might be affected.*

The main proponents are found in the Finance Ministry and banks—including foreign *banks—which see new opportunities* arising from an offshore market. This group is headed, informally, by Mr Takashi Hosomi, who is separately, in *charge of the Overseas Economic* Co-operation Fund, the Government's overseas aid is a former arm, and senior Finance Ministry official. Mr Hosomi recently led a 30-member study group of bankers and others on a 20-day whistlestop tour of *offshore* markets around the world.

Apart from a boost to Japan's invisible earnings, protagonists point to such things as the IBF affording Japanese bankers the opportunity to strengthen foundations for overseas expansion.

The arguments for and against an IBF divide into two broad categories. The first involves the complicated issue of whether a free-wheeling currency *market next door to a* stiff domestic market might make the job of setting monetary policy more difficult, or in the extreme case impossible. The other is a fight for bureaucratic influence.

Japanese central bank officials *shudder at the thought* of allowing Japan to slip into such a predicament as they see facing authorities in West Germany.

The German market, in the Japanese view, has become "internationalised" to such a degree that exchange rate and credit policies fall appreciably outside the direct control of the Bundesbank.

Euro-yen holdings outside Japan are still much smaller, and therefore less threatening, than the Euro-mark pool but the amount has grown by leaps *and bounds over several years.* The Euro-yen market is now believed to be worth more than $25bn, a level about which the Bank of Japan is already uneasy.

Pro-IBF officials, while sharing the central bank's concern over the potential for spill-over, are perhaps less worried about the growth of the Euro-yen. They are more intent on exploiting the opportunities created by letting a strong international centre flourish.

In order to make an IBF work without disrupting the local monetary system, a bulwark between the two is required. Reserve requirements which make banks and other financial institutions place a portion of funds interest-free with the central bank, may be a workable, albeit unique solution.

There is currently a reserve requirement system for non-resident yen entering the country through banking *channels. What might be added* to this law is a reserve system for inflows and outflows through bank and non-bank channels.

There would, it is proposed, be no such restraints on *funds* flowing within the IBF, which would be exempt from Japan's 20 per cent withholding tax on deposit interest.

The chances of so intricate *an in/out* and *out/in* reserve system working in many other countries might be slim. But the Japanese Finance Ministry's ability to closely monitor all bank money flows in the country lends a measure of feasibility to such a plan.

Yet once the economic and technical arguments over how the market might work, and how specific legal hurdles such as tax might be overcome are put aside, the debate over Japan's IBF begins to look familiar. Indeed, it appears only the latest of many cases in which government bureau*cracies and the private sector* fight hard to protect their own interests.

Skirmishing between the Ministry of Finance and the Bank of Japan can be expected to intensify once Mr Hosomi's *forces* make public a more *concrete proposal.* In the end, the Finance Ministry may have the upper hand in these matters, if for no other reason than because of its role as the formulator of the legislation needed to clear the way for an IBF. The central bank, however, *even if total opposition* becomes untenable, might find itself content with a key role in, say, managing a reserve requirement plan. The Finance Ministry would most likely ensure that its powers are enhanced by controlling entry to the new market.

Even if in coming months all details can be worked out, and a broad consensus reached among all parties concerned, it *will still in all likelihood take* the Finance Ministry a year to draft the necessary legislation. By Japanese standards, however, the drive towards carving a place *in the international* financial world is about to shift into high gear.

HK financial futures proposals due soon

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S working party on financial futures expects to publish a discussion paper this month outlining contracts which may be offered in the new market.

Mr Peter Scales, the working party's chairman, who is also chairman of the Hong Kong Commodity Exchange on which the financial contracts would be traded, said that comments on the paper would be invited from local financial institutions before the exchange made its formal submission for Government permission to establish the market.

The *Hong Kong* dollar is to be proposed as the "pivot" for currency contracts rather than the U.S. dollar, in order, said Mr Scales, "to make it a local market rather than a copy of the international markets." Contracts matching the Hong Kong dollar with the U.S. dollar and with the Japanese yen are envisaged.

On interest rate contracts, the working party suggests two 90-day contracts, in Hong Kong and U.S. dollar time deposits.

Also under consideration is a way to allow Hong Kong's banks and deposit-taking companies to participate directly in the market. They are at present excluded by law.

Mr Scales said that, *if official* approval is forthcoming, the market could be operating by the year-end.

Adsteam to raise stake in H. C. Sleigh to 48%

BY OUR FINANCIAL STAFF

ADELAIDE STEAMSHIP, the rapidly expanding Australian transport, food and industrial group, plans to increase its interest *in H. C. Sleigh,* a similarly diversified company, to 48 per cent from the present 20 per cent.

Adsteam said it will offer *A$1.20 each for 40m of Sleigh's* 145m ordinary shares in a bid which values the Melbourne-based group at A$170m (US$172m).

The offer will be made through Adsteam's Tooth and Company brewery subsidiary which announced a fortnight ago that it has accumulated a stake in Sleigh just shy of 20 *per cent.*

Sleigh shares were heavily traded late last month amid speculation of takeover offers from a number of companies. *Most of* the transactions were around the A$1.20 price Adsteam is offering.

In the six months ended December Adsteam reported net profits of A$10m against A$7.46m a year earlier.

CURRENCIES and MONEY

Dollar retreats

The dollar weakened in nervous foreign exchange trading, as the market attempted to digest the statement made to Congress by Mr Paul Volcker, chairman of the U.S. Federal Reserve. Eurodollar rates fell very sharply, and this coupled with cuts in prime lending rates by several more banks, depressed the dollar despite disappointment at the reduction of only ½ per cent in the U.S. discount rate.

Sterling was little changed against the dollar, but lost ground against major currencies in general, and fell quite sharply against the D-mark and Swiss franc.

DOLLAR — Trade-weighted index (Bank of England) was unchanged at 120.2 against 109.1 six months ago. Three-month Treasury bills 10.85 per cent (12.60 per cent six month ago). Annual inflation 6.7 per cent (6.6 per cent previous month)—The dollar fell to DM 2.4510 from DM 2.4685 against the D-mark; to FFr 6.8175 from FFr 6.8575 against the French franc; to SwFr 2.0835 from SwFr 2.0990 in terms of the Swiss franc; and to Y253.60 from Y254.25 against the Japanese yen.

STERLING — Trade-weighted index 91.1 against 91.3 at noon and in the morning, 91.4 at the previous close, and 91.4 six months ago. Three-month interbank 12 1/16 per cent (14 11/16 per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month) — Sterling rose 30 points to $1.7400-1.7410. It opened at $1.7350-1.7360 and fell to a low of $1.7325-1.7335, before touching $1.7405-1.7415 in late trading. The pound fell to DM 4.2675 from DM 4.29; to SwFr 3.6275 from SwFr 3.65; to FFr 11.8650 from FFr 11.9125; and to Y441.50 from Y442.

D-MARK — EMS member (weakest). Trade-weighted index 124.8 against 124.6 on Monday, and 121.8 six months ago. Three-month interbank 9.425 per cent (10.40 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month) — The Bundesbank sold $2.55m at the Frankfurt fixing, when the dollar fell to DM 2.4636 from DM 2.4647. Trading was fairly quiet, with the market showing some disappointment that the cut to 11½ per cent from 12 per cent in the U.S. Federal Reserve discount rate was not the expected 1 per cent. By late afternoon the U.S. currency had declined to less than DM 2.46. Sterling fell to DM 4.2820 from DM 4.2940 at the fixing; the Swiss franc to DM 1.1740 from DM 1.1759; and the French franc to DM 35.91 per 100 francs from DM 35.92.

FRENCH FRANC — EMS member (central position). Trade-weighted index 73.8 against 73.7 on Monday, and 80.1 six months ago. Three-month interbank 14 11/16 per cent (15 3/16 per cent six months ago). Annual inflation 13.8 per cent (13.9 per cent previous month) — The French franc rose against the dollar, sterling and the Swiss franc at the Paris fixing, but weakened against most members of the EMS. The dollar fell to FFr 6.8595 from FFr 6.8610; the pound to FFr 11.9180 from FFr 11.9440; and the Swiss franc to FFr 3.2668 from FFr 3.2725. Within the EMS the D-mark improved to FFr 2.7839 from FFr 2.7834.

ITALIAN LIRA — EMS member (strongest). Trade-weighted index was unchanged at 53.7 against 55.2 six months ago. Three-month interbank 20 3/16 per cent (21 1/16 per cent six months ago). Annual inflation 15.2 per cent (15.5 per cent previous month)—The lira showed mixed changes at the Milan fixing, improving against sterling and the Swiss franc, but losing ground to the dollar. The U.S. currency rose to L1,379.45 from L1,379.20; the D-mark to L560.16 from L559.75; the French franc to L201.05 from L200.99; and the Belgian franc to L29.40 from L29.37. Sterling fell to L2,396.50 from L2,401.80, and the Swiss franc to L656.68 from L658.23.

THE POUND SPOT AND FORWARD

July 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7325-1.7415	1.7400-1.7410	0.02-0.12c dis	−0.48	0.70-0.80dis	−1.72
Canada	2.1780-2.1880	2.1860-2.1870	0.67-0.77c dis	−3.95	2.13-2.23dis	−3.99
Nethlnd.	4.71-4.75	4.71¼-4.72¼	1½-1¼c pm	3.81	3¼-3 pm	2.75
Belgium	81.10-81.80	81.50-81.60	10-20c dis	−2.21	50-60 dis	−2.70
Denmark	14.73-14.85	14.74-14.75	1-2ore dis	−1.22	7¼-9¼ dis	−2.27
Ireland	1.2365-1.2470	1.2385-1.2395	0.37-0.42p dis	−3.82	1.15-1.25dis	−3.87
W. Ger.	4.26-4.29	4.26¼-4.27¼	1½-1¼pf pm	3.87	3½-2⅞ pm	2.83
Portugal	145.75-147.00	146.00-146.50	75-255c dis	−13.54	215-745dis	−13.13
Spain	193.50-194.50	194.10-194.30	90-135c dis	−6.95	380-425 dis	−8.29
Italy	2386-2399	2389-2391	13-16lire dis	−7.28	46½-49½ dis	−8.03
Norway	10.98-11.02	10.99½-11.00½	7¼-8¾ore dis	−8.73	11-12⅞ dis	−4.34
France	11.85½-11.94½	11.86-11.87	2½-3¼c dis	−2.65	11-12 dis	−3.88
Sweden	10.58-10.64	10.61½-10.62½	1½-2¼ore dis	−2.12	6¼-7 dis	−2.47
Japan	439-444	441-442	2.20-1.90y pm	5.57	5.20-4.90 pm	4.53
Austria	30.00-30.25	30.12-30.17	13¼-10gro pm	4.63	30½-24½ pm	3.63
Switz.	3.61½-3.66½	3.62½-3.63½	3½-2¾c pm	9.92	7⅞-7½ pm	8.41

Belgian rate is for convertible francs. Financial franc 87.50-87.60. Six-month forward dollar 1.68-1.78c dis. 12-month 3.05-3.20c dis.

THE DOLLAR SPOT AND FORWARD

July 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7325-1.7415	1.7400-1.7410	0.02-0.12c dis	−0.48	0.70-0.80dis	−1.72
Ireland†	1.3945-1.4010	1.3990-1.4010	0.63-0.53c pm	4.97	1.50-1.35 pm	4.07
Canada	1.2580-1.2590	1.2575-1.2585	0.32-0.36c dis	−3.19	0.67-0.72dis	−2.21
Nethlnd.	2.7125-2.7270	2.7125-2.7155	1.00-0.90c pm	4.19	3.10-3.00 pm	4.48
Belgium	46.82-47.05	46.84-46.86	7-9c dis	−2.05	14½-18 dis	−1.38
Denmark	8.4675-8.5440	8.4675-8.4725	par-¼ore dis	−0.18	½-1 dis	−0.35
W. Ger.	2.4475-2.4705	2.4505-2.4515	0.87-0.82pf pm	4.14	2.90-2.85 pm	4.69
Portugal	83.55-84.70	83.95-84.20	40-140c dis	−12.85	90-380 dis	−11.19
Spain	111.40-111.90	111.60-111.70	58-68c dis	−6.77	200-225 dis	−7.61
Italy	1372-1381½	1372½-1373½	7¼-8¼lire dis	−6.74	21-23 dis	−6.38
Norway	6.3210-6.3400	6.3210-6.3230	3.90-4.30ore dis	−7.77	4.70-5.10dis	−3.10
France	6.8100-6.8800	6.8150-6.8200	1.10-1.30c dis	−2.10	3.35-3.85dis	−2.10
Sweden	6.0960-6.1160	6.0980-6.1000	0.95-1.15ore dis	−2.06	1.85-2.05dis	−1.28
Japan	253.25-256.50	253.55-253.65	1.40-1.25y pm	6.27	4.15-4.00 pm	6.43
Austria	17.28-17.37	17.28½-17.29½	7.50-6.30gro pm	4.78	22.75-19.75pm	4.91
Switz.	2.0780-2.1050	2.0830-2.0840	1.82-1.74c pm	10.25	5.26-5.18 pm	10.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.2
U.S. dollar	120.2	+11.4
Canadian dollar	87.4	−19.6
Austrian schilling	117.3	+26.1
Belgian franc	95.3	−1.5
Danish kroner	82.3	−14.5
Deutsche mark	124.8	+49.7
Swiss franc	145.3	+96.2
Guilder	115.7	+23.9
French franc	73.8	−20.1
Lira	53.7	−58.4
Yen	132.8	+26.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 20	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628090	0.552136
U.S. $	11½	1.09162	0.958784
Canadian $	16.17	*	1.20567
Austria Sch.	6¾	18.9374	16.6253
Belgian F.	14	51.2297	45.0053
Danish Kr.	11	9.32243	8.17123
D mark	7½	2.68932	2.36100
Guilder	8	2.97248	2.60981
French Fr.	9½	7.48797	6.57294
Lira	19	1505.89	1322.64
Yen	5½	278.581	243.915
Norwgn. Kr.	9	6.92305	6.07294
Spanish Pta.	8	121.836	107.000
Swedish Kr.	10	6.67526	5.85453
Swiss Fr.	5½	2.29186	2.01345
Greek Dr'ch.	20½	75.9385	66.6978

* C$/SDR rate for July 19: 1.37669.

OTHER CURRENCIES

July 20	£	$		£ Note Rates
Argentina Peso	†35,513	†20,450	Austria	30.05-30.35
Australia Dollar	1.7165-1.7185	0.9885-0.9890	Belgium	86.75-87.75
Brazil Cruzeiro	310.0-311.0	178.57-179.46	Denmark	14.72-14.86
Finland Markka	8.1890-8.1950	4.7210-4.7230	France	11.87-11.97
Greek Drachma	118.606-122.530	69.45-69.65	Germany	4.26½-4.30½
Hong Kong Dollar	10.22¼-10.23¼	5.8935-5.8975	Italy	2360-2405
Iran Rial	*146.70	*84.35	Japan	442-447
Kuwait Dinar (KD)	0.4978-0.49855	0.2870-0.28715	Netherlands	4.71½-4.75½
Luxembourg Fr.	81.50-81.60	46.84-46.86	Norway	10.96-11.06
Malaysia Dollar	4.0750-4.0850	2.3495-2.3520	Portugal	143-157
New Zealand Dlr.	2.3350-2.3400	1.3450-1.3475	Spain	186¼-195
Saudi Arab. Riyal	5.9645-5.9710	3.4390-3.4405	Sweden	10.57-10.67
Singapore Dollar	3.71-3.72	2.1390-2.1410	Switzerland	3.64-3.68
Sth. African Rand	1.9800-1.9930	1.1435-1.1450	United States	1.73-1.75
U.A.E. Dirham	6.3685-6.3755	3.6715-3.6735	Yugoslavia	84-94

* Selling rate.

† Rate shown for Argentina is commercial. Financial rate: 65,311-65,351 against sterling 37,500-37,650 against dollar. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0053	+0.08	−0.07	±1.5501
Danish Krone	8.23400	8.17123	−0.76	−0.91	±1.6430
German D-Mark	2.33379	2.36100	+1.17	+1.02	±1.0888
French Franc	6.61387	6.57294	−0.62	−0.77	±1.3940
Dutch Guilder	2.57971	2.60981	+1.17	+1.02	±1.5004
Irish Punt	0.691011	0.685825	−0.75	−0.90	±1.6691
Italian Lira	1350.27	1322.64	−2.05	−2.05	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 20	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.741	4.268	441.5	11.865	3.628	4.723	2390.	2.187	81.55
U.S. Dollar	0.575	1.	2.452	253.7	6.817	2.084	2.713	1373.	1.256	46.85
Deutschemark	0.234	0.408	1.	103.5	2.780	0.850	1.107	560.0	0.512	19.11
Japanese Yen 1,000	2.265	3.942	9.666	1000.	26.87	8.216	10.70	5413.	4.953	184.7
French Franc 10	0.843	1.467	3.597	372.1	10.	3.057	3.980	2014.	1.843	68.73
Swiss Franc	0.276	0.480	1.176	121.7	3.271	1.	1.302	658.9	0.603	22.48
Dutch Guilder	0.212	0.369	0.904	93.49	2.512	0.768	1.	506.1	0.463	17.27
Italian Lira 1,000	0.418	0.728	1.786	184.7	4.964	1.518	1.976	1000.	0.915	34.12
Canadian Dollar	0.457	0.796	1.952	201.9	5.426	1.659	2.160	1093.	1.	37.30
Belgian Franc 100	1.226	2.134	5.233	541.4	14.55	4.448	5.791	2931.	2.681	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 5/8	offer 13 3/4	bid 14 1/16	offer 14 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12¾-13	11½-11¾	15-16	8¼-9	1-1¼	8¾-8⅞	14¼-14⅞	17½-19	12¼-14	14-14½	6¼-6½	13½-13¾
7 day's notice	12¾-13	11½-12	15½-16	8½-9	3-4¼	8¾-8⅞	14¼-14⅞	17½-19½	12½-14	14½-15	6¾-6⅞	13¼-13¾
Month	12½-12¾	12¼-12½	15¼-15½	8¾-8⅞	3½-3¾	8¾-8⅞	14¼-14⅞	18½-19½	13½-14	14½-14¾	7-7¼	13½-14¼
Three months	12⅝-12⅞	13-13¼	15¾-15½	8⅞-8¾	3¾-3⅞	8½-8¾	15½-15¾	19½-20½	14-15	14¾-14¾	7¼-7¾	14¾-14½
Six months	12⅝-12⅞	13½-13¾	15⅞-16⅛	9-9⅛	4-4⅛	8¾-9	16⅜-16⅞	20½-21½	14½-15½	14¾-15	7½-7⅝	15¾-16¼
One Year	12½-12¾	14-14¼	16-16¼	9⅛-9⅜	4⅜-4⅝	9-9½	17⅛-17⅝	21⅛-21⅝	14½-15¼	14¾-15	7⅛-7¼	17-17⅝

SDR linked deposits: one month 11 5/16-11 9/16 per cent; three months 11⅞-12⅛ per cent; six months 12⅛-12⅜ per cent; one year 12⅛-12⅜ per cent.
ECU linked deposits: one month 11¾-12¼ per cent; three months 12 5/16-12 7/16 per cent; six months 12⅛-12⅜ per cent; one year 12⅝-13 per cent.
Asian $ (closing rates in Singapore): one month 12⅞-13 per cent; three months 13⅜-13⅝ per cent; six months 14⅛-14⅜ per cent; one year 14⅛-14⅜ per cent.
Long-term Eurodollar two years 14½-14⅞ per cent; three years 14½-15 per cent; four years 14⅜-15 per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen, others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 12.50-12.60 per cent; three months 13.05-13.15 per cent; six months 13.35-13.45 per cent; one year 13.35-13.45 per cent.

MONEY MARKETS

Further shortage

UK clearing bank base lending rate 12 per cent (since July 14)

Period rates continued to ease in London yesterday, reflecting to some extent further falls in U.S. rates. Short-term rates remained firm however as the market faced further shortages of liquidity. Three-month sterling CDs slipped to 12 1/16-11 15/16 per cent from 12 3/16-12 per cent, while one-week money in the interbank market touched 13 per cent at one point. Overnight money opened at 12¾-12⅞ per cent and rose on the forecast to 12¾-13¼ per cent before reaching 13½-14 per cent on the Bank's initial limited assistance. However, rates fell on the afternoon help to 11½-12 per cent before firming up late in the day to 14 per cent.

The Bank of England forecast a shortage of £350m with factors affecting the market including bills maturing in official hands and a net takeover of Treasury bills −£36m and Exchequer transactions −£575m. The forecast was later revised to a shortage of around £400m and the Bank gave assistance in the morning of £79m. This comprised purchases of £1m of eligible bank bills in band 2 (15-33 days) at 12 per cent and a sales and repurchase agreement on £78m of bills at 12¼ per cent, unwinding on July 27.

Later in the day the forecast was revised back to £550m before taking into account the morning's operations and the Bank gave further help in the afternoon of £559m, making a grand total of £638m. The afternoon help comprised purchases of £4m of eligible bank bills in band 1 (up to 14 days) at 12 per cent and £34m of local authority bills at 12⅛ per cent. In band 2 it bought £3m of eligible bank bills at 12 per cent and in band 3 (34-63 days) £10m of Treasury bills at 11 15/16 per cent. The Bank also entered into further sale and repurchase agreements on £505m of bills at 12 1/16-12 3/16 per cent, unwinding on July 27.

In Paris the Bank of France left its money market intervention rate unchanged at 14¾ per cent when it injected liquidity into the system by purchasing FFr 7bn of first category paper. Call money was also unchanged at 15 per cent.

In Brussels the Belgian National Bank reduced the rate on three-month Treasury certificates to 15 per cent from 15¼ per cent. The rate was last cut on July 12 and reflects a stronger performance by the Belgian franc within the EMS and lower U.S. rates, thus enabling the authorities to take a slightly more relaxed stance. One- and two-month bills were left at 15 per cent, having been cut on July 13.

EUROCURRENCIES

Rates fall

Euro-dollar rates continued to ease yesterday following Monday's half point cut in the U.S. discount rate. The size of the reduction was a little disappointing to the market.

Euro-sterling rates were also weaker as domestic rates continued to fall in anticipation of further reductions in clearing banks' base rates. Elsewhere Swiss rates lost ground as banks reduced some domestic deposit rates while Euro-Belgian franc rates failed to respond to a slight downward shift in three-month Treasury bill rates. Euro-French franc rates were steady to firm on indications that the French franc was failing to capitalise on any shift out of dollars into European currencies.

While interest rates were generally lower both in Europe and the U.S., many currencies showed a narrower premium against the dollar in forward trading.

MONEY RATES

NEW YORK

Prime rate	16-16½
Fed funds (lunch-time)	11¾-11⅞
Treasury bills (13-week)	10.85
Treasury bills (26-week)	11.32

GERMANY

Lombard	9.00
Overnight rate	9.00
One month	9.35
Three months	9.40
Six months	9.45

FRANCE

Intervention rate	14.75
Overnight rate	15.00
One month	14.6875
Three months	14.6875
Six months	14.5625

JAPAN

Discount rate	5.5
Call (uncond. t-onal)	7.40625
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 20 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-14	12½	—	—	12¼-12¾	11-12¾	—	—	—
2 days notice	—	—	12¼-12⅜	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	...	—	—	—	—
7 days notice	—	12⅝-13	12¼-12½	—	—	12⅞-13	12-12⅛	—	—	—
One month	12⅛-12⅜	12⅝-13½	12¼	12¾-12½	12⅜	12½	11¾-12	11¾	11⅝-12	12⅛
Two months	12¼ 12⅛	12¼-12⅜	—	12½-12⅜	12⅜	12⅜	11½-11⅝	11⅞	11⅞-11⅞	12⅛
Three months	12⅛-11⅞	12⅛ 12¼	12¼	12⅜-12⅛	12⅛	12½	11¼-11½	11⅞	11⅞-11⅞	12
Six months	11⅞-11¾	12⅛-12¼	12⅛	11½-11¼	12⅛	—	—	—	11⅞-11⅞	11⅝
Nine months	11⅞ 11¼	12⅛ 12¼	—	12¼ 11⅞	12⅛	—	—	—	—	—
One year	11⅞ 11¾	12⅛-12¼	12⅛	12⅛-11¾	12⅛	—	—	—	—	—
Two years	—	—	12⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13¼ per cent; five years 13¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 7/32-11⅛ per cent; four months trade bills 12 per cent.

Approximate selling rate for one month Treasury bills 11 29/32 per cent; two months 11 9/16-11⅝ per cent; three months 11 5/16 per cent. Approximate selling rate for one month bank bills 11⅞-11 13/16 per cent; two months 11 19/32-11⅝ per cent and three months 11 11/32-11½ per cent; one month trade bills 12⅞ per cent; two months 11⅞ per cent; three months 11¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days notice 9 per cent. Treasury Bills: Average tender rates of discount 11.6339 per cent. Certificates of Tax Deposit (Series 5) 12¾ per cent from July 13. Deposits withdrawn for cash 10½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop July 6	100.1	111.2	.....	—
Managed Pens. June 9	117.26	123.41	.....	—

Eagle Star Insur/Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	82.4	84.4	+1.7	5.89

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]		

Five to Fifteen Years

[illegible]		

Over Fifteen Years

[illegible]		

Undated

[illegible]		

Index-Linked & Variable Rate

[illegible]		

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]		

CORPORATION LOANS

[illegible]		

COMMONWEALTH AND AFRICAN LOANS

[illegible]		

LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or −	Int.	Red.
67	57¼	Agric. Mt. 5pc '59-89	67	+¼	7.48	12.22
51¼	24½	Met. Wtr. 3pc 'B'	31¼		9.97	12.52
114	103	U.S.M.C. 9pc 1982	106m		8.49	—
101½	94	Do. without Warnts.	100xd		9.00	—

LOANS—Continued

Financial

[illegible]		

Building Societies

[illegible]		

FOREIGN BONDS & RAILS

[illegible]		

AMERICANS

[illegible]		

CANADIANS

[illegible]		

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	200	ANZ $A1	205	+5	Q28c	3.3	8.2	3.7
253	205	Alexanders D. £1	250		18.5	—	10.9	—
£63½	£50½	Algemene Fl.100	£60		Q26%	1.8	9.0	6.1
100	75	Allied Irish	84	+2	Q6.3%	4.0	11.1	2.9
*16¼	10¼	Ansbacher (H.) 5p	12	+½	0.35	—	4.2	—
260	200	Bk. Ireland £1	225		Q29.4%	—	10.7	—
3½	2	Bk. Leumi $0.1	2		h0.8%	—	1.0	—
*227	190	Bk. Leumi (UK) £1	190		10.25	—	7.6	—
180	145	Bk. N.S.W. $A1	145		Q24c	2.9	9.9	3.5
518	340	Bank Scotland £1	365	+5	21.0	4.5	8.2	2.9
425	340	Barclays £1	386	+11	t22.0	5.1	8.1	3.1

BANKS & H.P.—Cont.

[illegible]		

Hire Purchase, etc.

[illegible]		

BEERS, WINES AND SPIRITS

[illegible]		

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]		

CHEMICALS, PLASTICS

[illegible]		

CHEMICALS, PLASTICS—Cont.

[illegible]		

DRAPERY AND STORES

[illegible]		

ELECTRICALS

[illegible]		

ENGINEERING MACHINE TOOLS

[illegible]		

ENGINEERING—Continued

[illegible]		

FOOD, GROCERIES, ETC.

[illegible]		

FOOD, GROCERIES—Cont.

[illegible]		

HOTELS AND CATERERS

[illegible]		

INDUSTRIALS (Miscel.)

[illegible]		

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	28.7
33	19	Wankie Col. Z$1	19	......	Q3c	1.2	12.8
21	12	Zam.Cpr.SBD0.24	15	−1	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	14	......	—	—	—
7	[illegible]	[illegible] Gold NJ 25c	[illegible]		—	—	—
151	59	[illegible]	59		g010c	2.3	10.9
82	58	Bougainville Kina	73		Q6½c	1.2	5.4
192	147	[illegible] 40c	178		Q5c	—	1.7
16	10	Carr Boyd 20c	13	......	—	—	—
56	22	Central Pacific	29	+1	—	—	—
380	152	Crusader Oil	250	......	—	—	—
26	10	Cultus Pacific N.L.	11½	......	—	—	—
27	14	Eagle Corp. 10c	16	......	—	—	—
23	9	Endeavour 20c	10½	+½	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

For Messina see South Africans

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	23	......	—	—	—
16½	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	41	......	—	—	—
292	170	Cons. Murch. 10c.	215	+5	‡Q60c	1.9	‡
8	4	‡‡Explaura Gold	4	......	—	—	—
105	55	Highwood Res.	65	......	—	—	—
255	160	Northgate C$1	180	......	—	—	—
468	344	R.T.Z.	402	+2	16.0	2.1	5.7
£108½	£84	Do.9½%Cn.Ln.'95-2000	£94½	......	Q9½%	38.0	10.1
20	11	Sabina Inds. C$1	13	+2	—	—	—
44	27	‡Southwest C. 10p	32½	......	—	—	—
500	270	Tara Exptn. $1	285	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✦ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	40	......
Bertrams	17ϕ	......
Bdg'wtr. Est. 50p	420	+5
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	26	......
Graig Ship. £1	£24	......
Higsons Brew	90	......
Holt (Jos) 25p	820	......
I.O.M. Stm. £1	95	......
Pearce (C. H.)	£10½	+½
Peel Hldgs.	152	......
Sheff. Refrshmt	79	......
Sindall (Wm.)	220	......

IRISH

Conv. 9% '80/82	£98½	......
Nat. 9¾% 84/89	£69¾	......
Fin. 13% 97/02	£77½	+⅛
Alliance Gas	86	......
Arnott	218	+5
Carroll (P.J.)	71	......
Concrete Prods.	50	......
Helton (Hldgs.)	17	......
Irish Ropes	34	......
Jacob	65	......
T.M.G.	5	......
Unidare	45	......

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8
BOC Intl.	15
B.S.R.	8½
Babcock	18
Barclays Bank	42
Beecham	21
Blue Circle	48
[illegible]	19
[illegible]	36
[illegible]	[illegible]
[illegible]	38
Brown [illegible]	4
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	25
Dunlop	6½
Eagle Star	37
F.N.F.C.	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. "A"	45
Guardian	25
G.K.N.	15
Hawker Sidd	30
House of Fraser	15
I.C.I.	24
"Imps"	8
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lofs"	6½
London Brick	[illegible]
Lucas Inds.	25
"Mams"	12
Marks & Spncr	12
Midland Bank	30
N.E.I.	6
Nat. West. Bank	55
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	35
Sears	6
T.I.	13
Tesco	5½
Thorn EMI	42
Trust Houses	11
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Brit. Land	7½
Cap. Counties	10
Land Secs.	38
MEPC	20
Peachey	14
Samuel Props.	11
Town & City	2½

Oils

Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES

Wednesday July 21 1982

EEC changes tack on steel talks

BY GILES MERRITT IN BRUSSELS

THE EEC yesterday abandoned hopes of negotiating an overall settlement of its steel exports dispute with the U.S. and instead agreed to put forward a new plan that would embody a package of bilateral arrangements between individual Community members and the U.S.

The proposals, adopted in principle yesterday by the EEC Foreign Ministers meeting in Brussels, envisage bilateral arrangements by five EEC member states with the U.S. The bilateral approach would be conducted on a concerted basis by the five states—Britain, France, Italy, Belgium and Luxembourg—under European Commission supervision.

The EEC is proposing that the Americans use Section 704 of the U.S. Tariff Act to suspend countervailing investigations against the five steel product categories currently affected by U.S. suits.

In return there would be bilateral deals with the five countries, seen by the U.S. as the prime offenders. These arrangements would rely on EEC export licences to restrict steel sales to the U.S.

Viscount Etienne Davignon, the EEC Industry Commissioner, said yesterday that tonnage cuts would be strictly equivalent to the injury the U.S. claims has been inflicted by subsidised EEC steel.

Brussels is waiting to hear if Washington will accept this new basis for talks.

At the same time the EEC ministers yesterday approved a move to increase presusre on the U.S. through the eGneva-based General Agreement on Tariffs and Trade (Gatt) by demanding Gatt compensation for the estimated $3bn a year worth of export subsidies that Washington makes available to U.S. exporters through the so-called Disc system of tax concessions.

The new EEC approach came a day after suggestions that Britain might consider breaking ranks with the rest of the EEC and negotiate its separate steel quota agreement with the U.S.

The outcome of yesterday's meeting of foreign ministers does not necessarily bar Britain from seeking a separate deal but favours a more collective approach.

The latest plan, described as "second best" by Community officials, was being considered last night by the British Government as an alternative to its own unilateral approach.

Britain's reservations chiefly concern doubts that such a cumbersome negotiating framework could yield a satisfactory settlement quickly enough to meet the July 24 deadline contained in the U.S. anti-subsidies procedures.

The UK initiative provoked considerable disarray among other EEC member states at yesterday's foreign ministers meeting and some dismay in the European Commission, which fears that the EEC's common front on steel trade problems is threatened.

Although Mr Peter Rees, the British Industry Minister, was yesterday unwilling to outline the terms he believes might be gained for the British Steel Corporation and other UK steelmakers from a separate deal, it is clear Britain continues to have serious misgivings about the new EEC approach.

Firm stand by Fowler on health service pay

By Peter Riddell, Political Editor

MR NORMAN FOWLER, Social Services Secretary yesterday refused to raise the pay offer to National Health Service workers, though he promised to start negotiations immediately with ancillary staff and others about new long-term arrangements for wage settlements.

During an emergency debate in the House of Commons yesterday, Mr Fowler made virtually no conciliatory gestures in the face of fierce Opposition attack. He claimed that the vast majority of health service employees were working and attacked the minority on strike for putting patients at risk and causing delays in cancer and heart operations.

Mr Fowler repeatedly said he would not provide more money for pay and said any additional finance would mean ward closures and redundancies.

He outlined instead what he described as a three-point plan to get the health service back to work:

First, he said negotiations on the distribution of pay rises should be resumed in the Whitley councils—the main NHS negotiating forum—on the basis of the offer already made.

Second, urgent progress should be made on negotiations about permanent arrangements for nurses and midwives' pay so that a new system could be working by April 1983.

Third, he said talks with groups inside the NHS other than nurses and midwives should begin immediately to see whether it would be possible to agree new arrangements for pay with them.

Mr Fowler's emphasis on the third point is significant, since talks about long-term pay arrangements have until now focused principally on nurses and midwives.

His intention is apparently to cover all other health service workers, whether administrative or ancillary.

Ivo Dawnay writes: The three-day period of intensified industrial action continued yesterday amid conflicting claims over the strength of health workers' support for the campaign.

The Department of Health and Social Security said strike action continued to be patch" in England with many hospitals suffering only token stoppages.

The Scottish Office also claimed that support in East and Central Scotland was markedly down on the levels experienced during the one-day stoppage last month.

But the National Union of Public Employees, the largest health service union with 300,000 members in the NHS, claimed that up to 450,000 staff had already taken action.

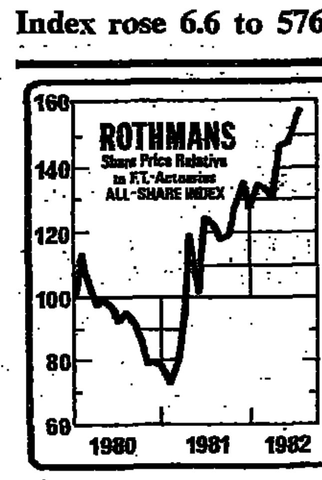
What the TUC has gained, Page 14

THE LEX COLUMN

Smoke without fire at Rothmans

The gilt-edged market remained very firm yesterday, although the U.S. discount rate was cut by only half a point while the Bank of England gave no further ground in the London money market. The banking month ending today has been a splendid period for funding; the Government broker must now be plotting the refinancing of the £1.6bn of Exchequer 9½ per cent 1982, much of it held outside the banking system.

Index rose 6.6 to 576.2



Rothmans

Rothmans' profits have put on a strong burst in the year to March, and the dividend has been raised by 20 per cent. Nevertheless the shares, up 2p yesterday at 98p, are now standing a cool 2½ times above last year's low, and on fundamental grounds are clearly overvalued. Yet expectations that Philip Morris will move in to bid for the rest of the company in the near term are looking increasingly fragile.

The U.S. company has had three months in which to make a move below the 170p price of the April 1981 deal, and has done nothing. Both the EEC Commission and the West German Cartel Office are hostile, while Philip Morris, with debt matching its shareholders' funds, is in no hurry. Its stake effectively blocks any rival — R. J. Reynolds, to be specific—getting its hands on the group. It can move when it is ready, and when and if it does, needs the assent of only one other shareholder, Dr Anton Rupert.

With a strong improvement in the second half over the depressed comparable period, pre-tax profits for the year have risen by 48 per cent to £105.2m. Since the previous year included a £4.8m sale of trade-marks, the underlying performance is even better than it looks. At £10m, meanwhile, currency factors have been rather less of a benefit than they would have been but for a cautious hedging policy.

The end of the tobacco price war in the UK has produced a sharp improvement in margins, even though volume has come down by 5 per cent. Exports have also improved, but Continental Europe has in general been rather dull, and the current year may prove difficult in Germany following the sharp duty rise. The UK, also, may prove softer, with evidence of renewed competitive pressures emerging. Canada, where the underlying brewing contribution has increased by half in the absence of industrial action, should continue to do well, but this year may show only a modest improvement overall. The best of the dividend increases have now been seen and the yield is 6.6 per cent.

Amal. Repos

Treasury ministers are believed to be combing the public sector for the forgotten plums of nationalised enterprise—businesses which, like Amersham International, are world leaders in their fields and ripe for privatisation. One such is Amalgamated Repurchases, at present a wholly-owned subsidiary of the Bank of England.

This company specialises in "in vacuo" fine tuning through the provision of short-term secured finance to discount houses at times of widespread bullishness. Although it is believed to have absolutely no competition in this field, and therefore wide discriminaNon in its pricing policies, its business suffers from dramatic seasonal variations.

However, the potential is clearly shown by the £1.1bn of turnover done in the last two days, while overheads are negligible. Once the question of transfer pricing with other parts of the Bank of England can be put on a regular basis, the merchant banks can begin to devise a tender system for Amal. Repos' flotation that will give some scope for the operation of market forces.

Hogg Robinson

Hogg Robinson's shares yield 8¾ per cent — about three-quarters more than the insurance broking sector — and yesterday's figures, lacking the support of a dividend increase, more than justify the discount.

Profits for the year to March, down £0.5m to £8.5m, are slightly worse than expected. Although currency gains lifted broking income by about £1m, the advantage has been wiped out by an equal and opposite provision against doubtful debts. Taking in the pre-interest contribution of Penn General, pure broking profits have doubled to £3.4m; but on the same basis the investment income attributable to broking seems to have been static, which is rather disappointing. And financing the U.S. acquisitions turns out to have depressed the overall surplus by £1½m.

A bid for Hogg is regarded in the market as the next thing to inevitable. Where the price might be without that prop it is impossible to determine. But the 5.5 times earnings at which Hogg itself disposed last month of its rapidly-developing offshoot Control Risks gives a sobering indication.

Berkeley

Shareholders in Berkeley Exploration and Production—the last part of the title is still a little ahead of the game—were warned from the start that a fund-raising exercise was likely some time in 1982-83. It turns out to be a one-for-one rights issue at 100p a share, in line with the 1980 offer price. The shares, which have been as high as 400p, and which stood at 325p when RCA International unloaded the 30 per cent rump of its holding on to the Elf-Aquitaine group in April, fell 20p yesterday to 155p.

This record of volatility in the share price explains why the issue has had to be underwritten, despite having been arranged at a 43 per cent discount. Berkeley will spend a third of the proceeds paying off debt while the rest will go to fund exploration expenditure. "Ultimate commercial exploitation" of the group's two major interests is said to be justified, but the absence of a gas-gathering system is a problem and "ultimate" perhaps suggests that as things stand, no dividend is likely until the end of the decade. It looks very much as though Berkeley has become a vehicle for Elf's ambitions in the North Sea eighth round licensing in its guise as a small British independent.

Talks fail to decide PLO's fate

By Anatole Kaletsky in Washington

THE FATE of 6,000 Palestine Liberation Organisation fighters trapped by Israeli forces in west Beirut remained unresolved yesterday after inconclusive talks between President Ronald Reagan o fthe U.S. and the foreign ministers of Saudi Arabia and Syria.

U.S. officials, who had previously pooked forward to the meeting as a possible turning point in the Lebanon crisis, played down the immediate significance of what they said was no more than "a good exchange of views."

A senior Administration official said the meeting had dwelt mainly on ideas put forward by Prince Saud al-Faisal of Saudi Arabia and Mr Abdel-Halim Khaddam of Syria.

He indicated that there had been not change in Syria's refusal to accept the PLO guerrillas, which was reiterated by Mr Khaddam before the meeting with President Reagan.

Prince Saud told reporters earlier that Iraq and Algeria had been among Arab countries which would be willing to accept some of the PLO fighters on an interim basis, but that the main problem was the "ultimate destination" of the Palestinian people as a whole.

Senior administration officials said after the White House talks that President Reagan had reaffirmed his commitment to the Camp David process, which the Arab nations have rejected. On the question of finding a refuge for the PLO in Iraq or Algeria, they said Prince Saud and Mr Khaddam were not in Washington to speak on behalf of other governments and so could not give any assurances.

The officials insisted that the talks had been productive and that they added "a new element of possible movement in the right direction in the near future." But they stressed that the U.S. attitude to recognising the PLO, another major feature of Arab peace proposals, remained unchanged. The PLO issue was not raised in yesterday's talks, they said.

● President Leonid Brezhnev erday supported proposals United Nations force to vise withdrawal of besieged Palestinian guerrillas from west Beirut, Reuter reports from Moscow.

Iran crushes Iraqi counter-attack, Page 2

Government ready to give £2bn go-ahead to North Sea projects

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is to rush through approval of two North Sea development projects to give a £2bn boost to the hard-pressed offshore supplies industry.

Energy Department officials are waiting for formal applications from two consortia for the go-ahead to exploit new offshore fields. The plans, expected within days, will involve the development of:

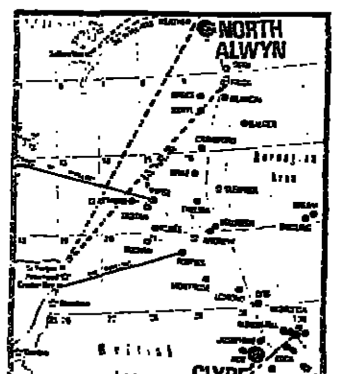
● The North Alwyn oil and gas field by two French companies, Total and Elf-Aquitaine, at an estimated cost of more than £1bn. Bids for the first of two platforms could be invited later this year.

● The Clyde oil field by a consortium of British National Oil Corporation, Shell and Esso, at a cost of about £950m.

The offshore supply industry, hungry for new orders, has been warned by the Government that it will have to be keenly competitive to combat expected bids from overseas contractors. In recent weeks several comparatively small contracts for North Sea work have been placed abroad.

On one occasion, an unsuccessful UK bidder offered to lower his price by about 10 per cent once it was known the contract was likely to be awarded to a foreign competitor.

Ministers and Energy Department officials are known to be concerned that UK suppliers may not be submitting the lowest possible tenders, especially when foreign companies are not included in the bidding list.



The offshore supplies industry countered that it sometimes faced unfair competition from foreign suppliers apparently receiving financial assistance from governments or parent companies.

Mr Ronnie Custis, director of the Energy Industries Council—a leading trade association in the oil and process industries—said: "The evidence suggests British suppliers are competitive in most respects.

"But there are instances of tenders where it would be impossible for some of our foreign competitors to produce at the prices they allege."

Mr Hamish Gray, Minister of State for Energy, said the Government's Offshore Supplies Office ensured UK companies had a full and fair opportunity to bid for all orders. The scheme had been successful in providing the UK industry with a 70 per cent share of contracts.

He pointed out that overseas companies were constantly trying to break into the North Sea market. "It is not the job or duty of the Supplies Office to featherbed British companies."

Mr Gray said that after the cyclical hiatus in North Sea ordering — a dearth of orders now threatening the jobs of hundreds of workers in the supplies industry — offshore development was about to receive a boost.

Several field development schemes were on the cards, he said. They included Clyde, North Alwyn, Marathon's Brae B development, and Sun's Balmoral field.

North Alwyn is expected to be the first project submitted for approval. Total and Elf are thought to have finalised most of the details.

The field's gas is to be transported ashore to St Fergus in Scotland via the Grigg Line and sold to British Gas Corporation at well above 20p a therm. The field's oil will be transported through the Ninian pipeline to Shetland. It is also thought that Texaco has agreed to sell its tiny stake in the field to Total and Elf.

Initial orders for the North Alwyn development should help push the value of UK offshore contracts this year to about £3bn, slightly up on last year.

British Gas contracts go to Scotland, Page 8

Growers challenge Bulmer prices

FINANCIAL TIMES REPORTER

H. P. BULMER of Hereford, Britain's predominant cider maker, with more than half of the market, faces a revolt among growers over the price it is offering for this season's crop of premium bittersweet apples.

A recently formed association, which represents many of Herefordshire's leading cider orchard owners, has rejected as "derisory" a proposed payment by Bulmers of £68 a tonne, with an additional bonus of £7 a tonne for growers with contracts.

Mr Keith Knight, chairman of the Cider Apple Growers Association, said yesterday that association members, who between them own 1,400 acres of cider fruit plantations, planned to take the company to arbitration.

The move, believed to be unprecedented in the company's history, came only days after Bulmer announced record annual trading profits, up 66 per cent on the year to £7.5m.

The growers group, representing mainly those with contracts, decided to embark on this course after failing to win a substantial increase on last year's £63 a tonne payment.

Mr Knight noted, however, that "there is nothing more the association can do for the 1,800 growers who do not have a purchasing contract, except to advise them to tell Bulmer what they think of the price.

"On behalf of the 80 or so contracted growers, we intend to invoke a clause which allows us to take a dispute to arbitration," he said.

Mr Terry Watts, Bulmer's production and orchards director, said he had received no formal approach about arbitration. "We have announced the price we are going to pay this year," he said.

He added that the contract growers, who supply 17 or 18 per cent of Bulmer's cider apples, would be getting a rise of 19 per cent on the price paid last year, when no contract bonus was offered.

Chairman quits Rhone Poulenc

By David White in Paris

THE FIRST upset at the head of France's newly nationalised industrial groups came last night with the announcement that M Jean Gandois has resigned as chairman of Rhone-Poulenc, the country's top chemical concern.

M Gandois, aged 52, was one of only two chairman allowed to keep their jobs by the Government when the nationalisations took effect in February.

This was despite hostility from the powerful, Communist-led CGT union, which has fought against the drastic cutbacks ordered in artificial fibres and other loss-making sectors of the group.

The Ministry of Research and Industry said M Gandois presented his resignation a month ago to M Pierre Dreyfus, the then Minister before his removal in a government resuffle.

No reason was provided for M Gandois' move. But the Rhone-Poulenc chairman has always made clear his opposition to the state takeover. Since his reappointment he has been outspoken about his wish to maintain full autonomy and about the group's financial needs, which he said amounted to "several billion francs."

London bomb kills 8

Continued from Page 1

The Hyde Park bomb was in a car with the registration number LMD 657P. The activating device could have been of the sort used to fly model aircraft, and thus have had to be within visual range of the car.

The bomb exploded at 10.40 am. It left dead horses and men strewn over South Carriage Road just inside the Park.

"I was walking through the Park when I heard a massive bang," said Mr James Ellis, 47, a contract building worker at the nearby German Food Centre.

"For a moment I thought it must be the Queen's Birthday, but I heard nothing later on, so I knew it must be a bomb."

There were civilian riders in the Park. Verity Warris, aged 16, who works for the private Lilo Blums Stables in Grosvenor Crescent Mews, said the explosion was like a cannon shot.

"We were so close and we were so lucky." Afterwards, she saw dead horses in the road with blankets over them.

Miss Warris, with a group of 12 horses and riders, said the cavalry horses were led back after the explosion with blood flowing from big holes in their sides.

It was while the police and military were about to take away the blackened corpses of the horses that the second bomb went off in Regent's Park to the north.

Heard from the edge of Hyde Park it sounded as a muffled bang just before one o'clock. This explosion blew the middle out of the bandstand at the side of the lake as the Band of the Royal Greenjackets was playing a medley from the musical Oliver!

"I saw the whole thing lift up in the air," said Mr David Sherwood, 70. "It's a miracle the blast was not in our direction. We were sitting 35 feet away.

"I watched the band, and there was a sudden whoop and the thing seemed to lift and I saw bandspeople fly through the air. The leg of a woman in front of me was blown off and went past me."

Mr Sherwood said he was sitting in a row with five people watching the band. "For a moment, I was dumbfounded. Those bastards want shooting," he added of those responsible.

Jobless total rises

Continued from Page 1

ployed represents." But in the first seven months of the year the rise was only one-third of that in the same period last year, he said.

Officials expect the figures to be worse in August and September as more school leavers join the register. Traditionally there is an improvement in the autumn as some school leavers find work.

Sir Terence Beckett, director general of the Confederation of British Industry, predicted yesterday that the total would reach 3.25m before the year end. The growing number of young people on the dole was of great concern and every employer should try to provide training for at least one additional school leaver or unemployed youngster. He also called for further cuts in interest rates and other measures to reduce industry's costs.

The total number of people covered by special employment and training schemes at the end of June was 534,000. About 390,000 of these are being kept off the unemployment register by such measures.

The prospects for those looking for work is not improving. The unadjusted vacancy figures notified to employment offices fell by 8,400 in July to 115,300.

Weather

UK TODAY

WARM and dry.

S. England, Midlands and S. Wales.
Cloudy with sunny periods; thundery showers possible. Max 23C (73F).

Rest of England and Wales, Scotland and N. Ireland
Dry with sunny periods. Max 25C (77F) in central and western districts; 21C (70F) elsewhere.

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	L. Ang.†	F	19	66
Algiers	S	31	88	Luxmbg.	F	26	79
Amsdm.	F	22	72	Luxor		—	—
Athens	S	31	88	Madrid	S	27	81
Bahrain		—	—	Majorca	S	34	93
Barclna.	F	29	84	Malaga	S	24	75
Beirut		—	—	Malta	F	31	88
Belfast	F	22	72	M'chstr.	F	21	70
Belgrd.	S	30	86	Melbne.		—	—
Berlin	S	27	81	Mx. C.		—	—
Biarritz	F	25	77	Miami†	S	26	79
Bmghm.	C	17	63	Milan	F	30	86
Blackpl.	F	20	68	Montrl.†	F	17	63
Bordx.	F	28	82	Moscow	F	25	77
Boulgn.	F	21	70	Munich	F	25	77
Bristol	F	20	68	Nairobi		—	—
Brussels	F	22	72	Naples	F	32	90
Budpst.	S	31	88	Nassau		—	—
Cairo		—	—	Nwcstl.	S	21	70
Cardiff	F	21	70	N York†	F	27	81
Cas'b'ca	F	21	70	Nice	S	28	82
Cape T.		—	—	Nicosia	S	28	82
Ch.gst†	Fg	22	72	Oporto	C	20	68
Cologne	F	26	79	Oslo	C	25	77
Cpnhgn.	S	22	72	Paris	F	26	79
Corfu	S	31	88	Perth		—	—
Denver†	S	18	64	Prague	F	26	79
Dublin	S	18	64	Reykjvk.	F	15	59
Dbrvnk.	S	30	86	Rhodes	S	28	82
Ednbgh.	F	21	70	Rio J'o		—	—
Faro	S	23	73	Rome	S	29	84
Florence	F	31	88	Salzbrg.	F	28	82
Frankft.	F	27	81	S F'cisco		—	—
Funchal	S	23	73	S. Moritz		—	—
Geneva	F	24	75	Singapr.		—	—
Gibraltar	S	27	81	S'tiago		—	—
Glasgow	F	25	77	Stockhm.	S	27	81
G'rnsey	C	16	61	Strasbg.	S	28	82
Helsinki	F	25	77	Sydney		—	—
H. Kong		—	—	Tangier	S	23	73
Innsbrk.	F	28	82	Tel Aviv	S	28	82
Inv'ness	F	22	72	Tenerife	S	25	77
I.o.Man	S	16	61	Tokyo		—	—
Istanbul	F	26	79	Toronto†	S	18	64
Jersey	C	19	66	Tunis	S	33	91
Jo'burg		—	—	Valencia	F	29	84
L. Plms.	F	23	73	Venice	S	30	86
Lisbon	S	21	70	Vienna	S	29	84
Locarno	F	26	79	Warsaw	F	24	75
London	C	20	68	Zurich	S	26	79

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny
† Noon GMT temperatures.